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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION

In re:

J & D WILSON AND SONS DAIRY,
 Debtor-in-Possession.

Case No. 14-10588-B-11

Chapter 11

DC No. KDG-20

Date: October 29, 2014
 Time: 3:00 p.m.
 Place: United States Bankruptcy Court
 510 19th Street
 Bakersfield, California
 Judge: Honorable W. Richard Lee

DISCLOSURE STATEMENT DATED SEPTEMBER 3, 2014

I. Introduction

J & D WILSON AND SONS DAIRY, a California partnership, the Debtor-in-Possession in the above-captioned Chapter 11 case ("Debtor"), filed a Voluntary Petition under Chapter 11 on February 7, 2014 ("the Petition Date"). Debtor has operated its business as debtor-in-possession since the Petition Date and a trustee has not been sought or appointed in its case. The *Disclosure Statement Dated September 3, 2014* ("the Disclosure Statement") is provided to the holders of claims for the purpose of providing adequate information to claimants so that claimants can arrive at an informed decision in exercising their right to accept or reject the *Plan of Reorganization Dated September 3, 2014* filed by Debtor

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1 ("the Plan"). A copy of the Plan will be served on Debtor, the United States Trustee, all
2 creditors, and parties' requesting special notice after the Disclosure Statement is approved by
3 the Bankruptcy Court. Your vote to accept or reject the Plan is important. The Plan can be
4 confirmed by the Court if it is accepted by the holders of claims in each class of claims voting
5 on the Plan. Furthermore, the Court can confirm the Plan if it finds that the Plan accords fair
6 and equitable treatment to the class rejecting it if the requisite acceptances are not obtained.

7 EVERY ATTEMPT HAS BEEN MADE TO PROVIDE ACCURATE
8 INFORMATION IN THIS STATEMENT. HOWEVER, EXCEPT AS OTHERWISE SET
9 FORTH HEREIN, THE INFORMATION HAS NOT BEEN THE SUBJECT OF A
10 CERTIFIED AUDIT. NO REPRESENTATIONS ARE AUTHORIZED BY DEBTOR
11 EXCEPT AS SET FORTH IN THIS STATEMENT. THE INFORMATION CONTAINED IN
12 THE DISCLOSURE STATEMENT COMES FROM DEBTOR AND ITS ATTORNEYS.
13 HOWEVER, JAMES WILSON AND CORNELIUS VANDERHAM ARE THE PRIMARY
14 SOURCES OF INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT AND
15 REPRESENT THE BEST SOURCES OF INFORMATION CONCERNING DEBTOR AND
16 ITS ASSETS AND LIABILITIES. TO THE EXTENT THAT INFORMATION
17 CONTAINED IN THIS DISCLOSURE STATEMENT IS ALSO CONTAINED IN THE
18 PLAN FILED HERewith, THE TERMS OF THE PLAN ARE CONTROLLING.

19 II. Background

20 A. Description and History of the Debtor

21 Debtor is a California partnership operating in Fresno County, California. Debtor
22 operates a dairy and milks Holstein cows. Debtor currently milks about 3,100 cows, has total
23 of about 3,600 head of livestock. Debtor farms about 1,950 acres of owned and leased
24 farmland and grows 100% of all its forage needs. Debtor is a member of and ships its milk to
25 California Dairies, Inc. ("CDI"). Debtor grows alfalfa, wheat, sorghum and oats on the
26 farmland for feed for its livestock.
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1 Debtor was formed on January 1, 2001. The partners of Debtor are James L. Wilson
2 (25%) and Darla Wilson (25%) and Cornelius Vanderham and Eleanor Vanderham as trustees
3 of the Vanderham Family Trust, dated March 17, 1994 (50%).

4 Debtor currently employs about 29 people. Before filing for relief under Chapter 11,
5 Debtor's dairy operations were financed primarily by Wells Fargo Bank, N.A., a national
6 banking association ("Wells Fargo") pursuant to the Wells Fargo Pre-Petition Loan Documents.
7 The obligations owed to Wells Fargo under the Wells Fargo Pre-Petition Loan Documents are
8 secured by, among other things, security interests in livestock, inventory, equipment, and other
9 personal property of Debtor, and a deed of trust against real property owned by Debtor pursuant
10 to the terms of the Wells Fargo Pre-Petition Loan Documents.

11 Debtor's mortgage is held by Farm Credit West, FLCA.

12 **B. Debtor's Business**

13 As stated above, Debtor operates a Holstein dairy in Fresno County. Debtor milks
14 about 3,100 cows and has total herd inventory of about 3,600 head. Historically, Debtor raised
15 its own heifers. However, Debtor sold its heifers in March 2013 and paid the net proceeds
16 received from the sale of the heifers to Wells Fargo as required by a forbearance agreement.
17 As a result, Debtor does not own a heifer raising program. However, Debtor has a contract for
18 the sale and buyback of its heifers with Standard Cattle as more fully described below is
19 Section XIII.E.5.

20 Debtor owns about 894 acres of real property located at and around 11720 W. Mount
21 Whitney Drive, Riverdale, California, about 160 of which are improved with the dairy facility
22 ("the Real Property"). Debtor farms the remaining acreage it owns. Debtor leases about
23 919.54 acres of farmland from C.A. Vanderham & Sons Dairy ("CA Vanderham") under two
24 leases. Debtor currently farms 299 acres of farmland owned by CA Vanderham that is not
25 under lease.

26 **C. Description of Debtor's Principals and Insiders**

27 Debtor's partners and other insiders involved in the operation of Debtor's business or
28 insiders involved in the Chapter 11 case are described below.

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1. James L. and Darla Wilson

James L. "Jim" Wilson and Darla Wilson are married. Jim and Darla¹ each own a 25% interest in Debtor. Jim grew up in the dairy business and worked in the dairy business since 1985. Jim's duties include executive management of Debtor's business; the day-to-day affairs of the Debtor including general dairy management; banking; employment issues; and the purchase of animals, feed, and equipment. Jim works full-time for Debtor and is paid \$2,500.00 gross income semi-monthly for his services. Darla grew up in the dairy business and has worked in the dairy business since 1999. Darla's duties include executive management of Debtor's business, all of the office work including bookkeeping, accounts payable, and payroll. Darla works full-time for Debtor and is paid \$5,000.00 gross income semi-monthly for her services. In addition to their salaries, Jim and Darla receive health insurance benefits from Debtor. Further, Jim receives a draw from Debtor in the amount of \$2,179 as a vehicle allowance, which is equal to the payments on Jim's work truck and the work truck of Dylan Wilson who is described below. Debtor contemplates that Jim and Darla will continue to serve Debtor and their duties will remain the same during the pendency of Debtor's bankruptcy case and throughout the Term of the Plan.

2. Cornelius and Eleanor Vanderham

Cornelius "Corry" Vanderham and Eleanor "Jane" Vanderham are husband and wife. Corry and Jane own a 50% interest in Debtor as trustees of the Vanderham Family Trust, dated March 17, 1994. Corry and Jane are the father and mother of Darla. Corry grew up in the dairy business and has worked full time in the dairy business since 1953. Corry is involved in the executive management of Debtor, but not the day-to-day operations or business decisions of Debtor. Jane is not involved in the management of Debtor. Neither Corry nor Jane receives any compensation from Debtor. Debtor contemplates that Corry and Jane's duties will remain the same during the pendency of Debtor's bankruptcy case and throughout the Term of the Plan.

¹ The use of party's first names is for ease of reading and clarity given the numerous partners with the same last name. No disrespect to the parties is intended.

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3. James L. Wilson, Jr. and Dylan Wilson

James L. Wilson, Jr. ("Jimmy") and Dylan Wilson are the adult sons of Jim and Darla and grandsons of Corry and Jane. Jimmy and Dylan are employed by Debtor. Jimmy and Dylan grew up in the dairy business. Debtor contemplates that Jimmy and Dylan's duties, as described below, will remain the same during the pendency of Debtor's bankruptcy case and throughout the Term of the Plan.

Jimmy has lived and worked on a dairy his entire life and has worked full-time in the dairy business since 2006. Jimmy works full-time for Debtor and is paid \$2,800.00 gross income semi-monthly for his services. Dylan has lived and worked on a dairy his entire life and has worked full-time in the dairy business since 2011. Dylan works full-time for Debtor and is paid \$2,200.00 gross income semi-monthly for his services. In addition to their incomes, Jimmy and Dylan receive health insurance benefits from Debtor.

Jimmy and Dylan's duties include management of the farming including planting, cultivation, and harvesting of crops; management of the dairy herd including feeders, feed watch program, nutrition, breeding, and overseeing the movement of cows.

4. Other Related Parties

Debtor the following business entities are related to Debtor as described below.

i. Resource Buyers, LLC

Resource Buyers, LLC is a California limited liability company that was formed in January 2011. Debtor is related to Resource Buyers, LLC because Resource Buyers is owned by Dick Vanderham (33.3%), Dennis Vanderham (33.3%), and Jim Wilson (33.3%). Dick and Dennis Vanderham are the sons of Corry and Jane and the brothers of Darla. Resource Buyers is a provider of various feeds and commodities for dairies. Resource Buyers is a creditor of Debtor. Resource Buyers is owed money for feed and commodities that were delivered to Debtor for which Resource Buyers was not paid.

ii. Hidden Valley Cattle Company

Hidden Valley Cattle Company is a California general partnership that was formed in September 2011 ("Hidden Valley"). Debtor is related to Hidden Valley because Hidden

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Valley is owned by Dick A. Vanderham as trustee of the Dick A. Vanderham Survivor's Trust of December 27, 2009; Dennis Vanderham and Yvonne Vanderham as trustees of the Vanderham Family Revocable Trust of August 22, 2005; Jim Wilson and Darla Wilson as trustees' of the Wilson Family Revocable Trust of January 27, 2009, and Luke Vanderham. Luke Vanderham is the nephew of Darla Wilson and son of Dennis Vanderham. Hidden Valley is a calf ranch. However, Debtor has not raised cattle at Hidden Valley since March 2013. Hidden Valley is owed money for calf raising services that were performed by Hidden Valley for Debtor for which Hidden Valley was not paid.

iii. C.A. Vanderham and Sons Dairy

CA Vanderham is related to Debtor because CA Vanderham is owned by Dick and Dennis Vanderham. Corry was the managing partner of CA Vanderham until December 2012. In 2009, CA Vanderham, under the direction of Corry, obtained a \$9,500,000.00 term loan secured by real property, and used the proceeds of the loan for the benefit of Debtor and two other dairies in which Corry was a general partner. The funds were used by each of the partnerships to supplement operating losses incurred in 2009. The loan proceeds received by Debtor were \$3,766,800.00, and have been accounted for on the partnerships financial statement as an unsecured note payable to CA Vanderham, although there is not a formal promissory note or any other type of repayment agreement. In June 2012, CA Vanderham pledged real property owned by it that is located in Ontario, California ("the Ontario Real Property") as collateral for debt owed to Western Milling by Debtor. Additionally, CA Vanderham is the landlord of Debtor and leases about 919.54 acres of farmland to Debtor.

iii. Lazy V Farms and D&V Dairy

Lazy V Farms is owned or control by Dick Vanderham. Lazy V Farms invoiced Debtor for an unknown reason for amount totaling \$324,740.00. Debtor disputes the validity of the invoice. D&V Dairy is owned by Dennis Vanderham and Corry, as trustee of the Vanderham Family Trust, dated March 17, 1994. D&V Dairy holds a general unsecured claim in the amount of \$25,000.00.

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D. Background of Events Leading to the Chapter 11 Filing

The dairy industry has faced significant economic challenges in the last several years. Volatility in feed costs and milk prices has decreased profitability for milk producers over several years. In 2009, the dairy industry as a whole suffered a dramatic downturn as a result of high feed prices and low milk prices. However, Debtor faced particular hardship in 2009 because Debtor expanded its dairy facility in 2008, which included construction and associated new debt, and significantly increased its herd size. Further, market forces caused Debtor's banks to decrease the lendable values assigned to collateral, in accordance with their respective pre-petition loan documents. As a result, Debtor was not in compliance with certain loan to value covenants in the respective pre-petition loan documents requiring Debtor to pay additional principal payments to correct its loan to value covenants in accordance with its agreements with the respective lenders. Also, after discussions with its lender, Debtor entered milk forward contracts that resulted in a loss of about \$980,000.00 in 2011. On top of this, 2012 was a difficult year for the industry which experienced high feed prices. Debtor's reduced net income caused Debtor to fall behind in payments to its creditors. Debtor worked with its creditors out of bankruptcy on various forbearance and restructuring arrangements. Debtor and Wells Fargo Bank entered several short-term forbearance agreements. With no other long-term solutions in sight, Debtor filed for relief under Chapter 11 to continue the operation of its dairy and restructure its business and financial affairs.

III. Business Activity Since the Petition Date

Debtor has continued to operate its dairy business since the filing of the Petition Date. Additionally, Debtor has reviewed every aspect of its business in an attempt to remove inefficiency and waste.

Beginning in late 2013, Debtor started taking steps to improve milk production and reduce costs. In November 2013, Debtor started milking part of its herd three times per day and is now milking about 2,200 of its milking head three times per day. Debtor retained a new nutritionist and modified its feed program in order to (a) increase milk production and (b) utilize 100% of forages grown in-house to limit risk of volatility of feed markets. These

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1 changes to the milking schedule and nutrition have resulted in an increase in average milk
2 production from 70.11 pounds per cow per day in January through July 2013 to 77.36 pounds
3 per cow per day during the same period in 2014. The increase of an average of 7.25 pounds per
4 cow per day results in an increase about \$134,850.00 per month assuming a milk price of
5 \$20.00 per hundredweight based on the current milking herd size.

6 Debtor hired a new veterinarian in May 2014 and made extensive changes to its
7 breeding program to improve pregnancy rates that results in higher milk production. Under the
8 new veterinarian, Debtor has seen monthly increases in its pregnancy rates and anticipates a 5%
9 increase in herd pregnancy rates by August 2015, which is estimated to result in an increase of
10 gross income of \$350,000 to \$425,000 per year.

11 Debtor hired a new agronomist and made changes to its farming program to increase
12 crop yields and maximize efficiencies. Therefore, Debtor planted earlier in some of its fields,
13 which have already been harvested. Debtor is now able to triple crop a portion of the farmland
14 at little additional expense resulting in a lower overall feed cost to the dairy.

15 Since the Petition Date, Debtor has generated gross cash receipts of \$9,534,260.95 and
16 made cash disbursements of \$9,029,466.13 from February 7, 2014 through July 31, 2014. The
17 disbursements include adequate protection payments to secured creditors totaling \$394,588.71.
18 Chapter 11 Monthly Operating Reports concerning the business conducted by Debtor are on
19 file with the Court and copies are available upon request. The Chapter 11 Monthly Operating
20 Reports contain detailed information about the cash receipts and disbursements since Debtor
21 filed for relief under Chapter 11.

22 **IV. Significant Events in Chapter 11 Case**

23 Debtor has performed or has been involved in the following significant events since
24 filing its Voluntary Petition:

25 **A. Continued Operation of the Business**

26 Debtor has operated its business since it filed for relief under Chapter 11. Continued
27 operation of the businesses has permitted Debtor to make adequate protection payments to
28

1 secured creditors and lessors and meet the ongoing expenses associated with its businesses
2 without the appointment of a trustee or conversion of the case.

3 **B. Employment of Professionals**

4 Debtor has obtained authorization from the Bankruptcy Court to employ the following
5 professionals:

6 Klein, DeNatale, Goldner	Attorneys
7 Frazer, LLP	Accountants
8 GlassRatner Advisory & Capital Group	Financial Advisors

9 The employment of these professionals has assisted Debtor in its reorganization efforts.

10 **C. Motion for Order Authorizing Use of Cash Collateral**

11 The Court authorized interim use of cash collateral until it entered a final order
12 authorizing Debtor to use cash collateral through confirmation of a plan of reorganization or
13 further order of the Court on April 1, 2014. The authorized use of cash collateral is subject to
14 monthly budgets that are prepared by Debtor and approved by Wells Fargo. The authorization
15 to use cash collateral has allowed Debtor the opportunity to reorganize its financial affairs,
16 continue its day to day operations, and prepare its Plan, optimizing the opportunity that
17 Debtor's creditors will be repaid their claims through Debtor's reorganization process.

18 **D. Motion to Fix and Allow Claims under Section 503(b)(9)**

19 Claims for goods that were delivered to Debtor during the 20-day period immediately
20 preceding the Petition Date are entitled to administrative priority under Section 503(b)(9)
21 ("503(b)(9) Claims"). Debtor has determined that there are 503(b)(9) Claims totaling
22 \$54,988.36. Debtor filed a motion to fix and allow the 503(b)(9) Claims. Subject to Debtor's
23 authorization to use cash collateral, the Court entered an order authorizing Debtor to pay
24 503(b)(9) Claims pro-rata with other administrative claims. As of the date of the filing of this
25 Disclosure Statement, Debtor has not paid any part of the 503(b)(9) Claims because Debtor
26 lacks authorization to use cash collateral for that purpose. However, Debtor has set aside about
27 \$204,114.00 as of July 31, 2014, for the payment of administrative claims including 503(b)(9)
28 Claims, trustee fees, and professional fees. Debtor will continue to set aside money for the

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1 payment of these expenses until the claims are paid or Debtor holds sufficient funds to pay
2 those claims. Debtor will pay 503(b)(9) Claims as soon as Debtor is authorized to use cash
3 collateral to pay the claims. However, Debtor will pay the 503(b)(9) claims no later than the
4 Effective Date of the Plan. A discussion concerning the method of payment of these claims is
5 included in Section V.A.1. below.

6 **G. Motion to Assume Unexpired Nonresidential Real Property Leases**

7 Debtor sought and obtained an extension of the last day to assume or reject its leases
8 with CA Vanderham from June 7, 2014, to September 5, 2014. Debtor filed a motion to
9 assume two leases of about 919.54 acres of farmland that it leases from CA Vanderham (the
10 "Leases"). The motion to assume included the proposal to modify the lease agreements that (1)
11 extended the term of Debtor's lease of 825 acres to ensure the farmland would be available to
12 Debtor during the term of the plan, and (2) resolved a dispute between CA Vanderham and
13 Debtor regarding any back rent due under the Leases and provided means of repayment of the
14 back rent. The Court denied Debtor's motion to assume at the hearing held on August 13,
15 2014.

16 Debtor has obtained a stipulation from CA Vanderham for a further extension of the last
17 day to assume or reject the Leases to November 1, 2014. As of the date that this Disclosure
18 Statement was filed, Debtor has filed the stipulation with an order seeking the approval of the
19 extension. Debtor will continue to seek extensions of the deadline until Debtor is able to
20 assume the Leases or made other arrangements whereby Debtor can continue to grow crops on
21 the leased farmland.

22 **H. Disclosure Statement and Plan of Reorganization**

23 Debtor has filed its Plan and Disclosure Statement. Debtor believes that the Plan
24 represents Debtor's best opportunity to reorganize and repay its creditors. A hearing on
25 approval of the Disclosure Statement will be held on October 29, 2014, and the Bankruptcy
26 Court will determine at that time if the Disclosure Statement contains "adequate information"
27 as required by 11 U.S.C. § 1125. The hearing on confirmation of the Plan will be set after that
28 time.

V. Financial Information

A. Liabilities.

1. Creditors Having Administrative Expense Claims

Debtor has incurred professional fee claims since the filing of its Voluntary Petition. Further, 503(b)(9) Claims are entitled to administrative priority. Debtor estimates that the administrative claims will be the following amounts on the Effective Date of the Plan if no prior distribution is made:

<u>Name</u>	<u>Amount</u>
Klein, DeNatale, Goldner Cooper, Rosenlieb & Kimball (Attorneys for Debtor)	about \$150,000.00
Frazer, LLP (Accountants for Debtor)	about \$88,500.00
GlassRatner Advisory & Capital Group (Financial Advisor for Debtor)	about \$96,000.00
503(b)(9) Claims	\$54,988.36

Any unpaid administrative claims will be paid after (a) Court approval, if Court approval is required, and (b) authorization to use cash collateral for the payment of those expenses or confirmation of the Plan. As of July 31, 2014, Debtor is holding about \$204,114.00 in an account that is set aside for the payment of administrative expenses. Wells Fargo has informed Debtor that it will agree to the use of cash collateral for pro-rata distribution of money from administrative expenses account for the payment of administrative claims after Debtor and Wells Fargo come to an agreement regarding the term sheet to be used to prepare the Wells Fargo New Loan Documents (defined below). At that time, Debtor will make a disbursement toward approved administrative claims from money held in the administrative expenses account and in the amount of up to \$40,000.00 per month to be paid pro-rata to administrative claimants continuing until the Effective Date at which time the remaining administrative claims will be paid in full. Debtor will deposit \$40,000.00 per month into the administrative expenses account until there are sufficient funds to pay all remaining administrative expenses on or before the Effective Date.

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2. Creditors Holding Security

Debtor listed secured claims totaling \$14,250,653.84 on its Schedule "D," including all amendments. The Real Property owned by Debtor is encumbered by deeds of trust held by Farm Credit West, FLCA ("FLCA") and Farm Credit West, PCA ("PCA," collectively with FLCA as "FCW") that secures letters of credit issued by FLCA and PCA. The letters of credit were issued to the Vanderham Family Trust and are collateral for industrial revenue bonds issued by the California Pollution Control Authority. The letter of credit issued by FLCA secures repayment of \$2,500,000.00 to the California Pollution Control Authority. The letter of credit issued by PCA secures repayment of \$2,589,589.00.

Debtor has made adequate protection payments and other payments to the secured creditors subject to the terms of the stipulations concerning the use of cash collateral entered into between Debtor and Wells Fargo.

Additionally, B&L Farms and TCF Finance each have filed UCC-1 Financing Statements with the California Secretary of State indicating liens that Debtor disputes.

3. Unsecured Claims with Priority

Debtor listed unsecured claims with priority totaling \$86,999.39 on its Schedule "E," including all amendments. Of this amount, \$20,035.59 was for current earned but unpaid wages owed to Debtor's employees as of the Petition Date. Debtor paid these wages in the normal course of business after receiving authorization from the Court. Debtor also owed employment taxes to the Internal Revenue Service ("IRS") and the State of California - Employment Development Department ("EDD") at the commencement of its case. Debtor has paid the IRS and the EDD in full during its case with the authority of the Court. Debtor does not believe that it owes any further unsecured claim with priority.

4. Unsecured Claims Without Priority

Debtor listed unsecured claims without priority totaling \$12,641,840.11 on its Schedule "F" including all amendments.

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5. Disputed Claims

Debtor listed disputed claims in its Schedules of Assets and Liabilities, including all amendments. Debtor received two invoices dated December 5, 2013, from Lazy V Farms in the amount of \$162,370.00 each for a total of \$324,740.00. Lazy V Farms is controlled by Dick Vanderham, a partner of CA Vanderham and the brother of Darla and son of Corry and Jane. Debtor did not receive goods or services from Lazy V Farms that would justify such and invoice. Debtor believes that these invoices are for alleged unpaid rent under the lease agreements with CA Vanderham. Debtor disputes that it owes any money to Lazy V Farms. Lazy V Farms did not file a proof of claim. Debtor will object to any proof of claim filed by Lazy V Farms.

Debtor is a defendant and counter-claimant in *Kasiner Farms et al v. J&D Wilson and Sons Dairy et al* lawsuit pending in the Tulare County Superior Court, Case No. 12CECG00907. Litigation was stayed as to the Debtor upon the filing of the Chapter 11 case. Kasiner Farms filed a Proof of Claim No. 6 asserting a claim in the amount of \$174,897.99. Kasiner Farms filed an amendment to Proof of Claim No. 6 reducing the claim to \$100,000.00, as a result of a compromise. Debtor will file a motion to compromise to obtain approval of the proposed compromise.

Debtor disputes the Proof of Claim No. 20 and No. 21 filed by C.A. Vanderham & Sons Dairy ("Landlord") for potential lease arrearages ("the Claims"). As stated above, Debtor intends to negotiate an assumption of the Leases. Debtor intends to continue its negotiations with its Landlord and to assume the Leases, or if it is unable to come to terms with the Landlord, Debtor will be forced to file objections to the Claims.

B&L Farms filed a UCC Financing Statement on May 5, 2009, alleging a dairy cattle supply lien against Debtor. Debtor disputes that it owes money to B&L Farms. B&L Farms did not file a proof of claim. Debtor will object to any proof of claim filed by B&L Farms. TCF Equipment Finance both filed a UCC Financing Statement on February 13, 2012 to secured repayment of an equipment lease between Debtor and TCF Finance. Debtor completed its leased payments to TCF Finance, by TCF Finance did not release its lien. TCF

1 Finance did not file a proof of claim. Debtor will object to any proof of claim filed by TCF
2 Finance.

3 6. Allowance of Claims

4 Any claim not objected to by Debtor or another party in interest will be allowed in the
5 amount set forth in a Proof of Claim filed by or for a creditor or scheduled by Debtor.
6 However, nothing contained in the Disclosure Statement will be deemed to be a determination
7 of the amount or allowance of any claim.

8 B. Assets.

9 1. Scheduled Real Property

10 Debtor owns about 894 acres of real property located at and around 11720 W. Mount
11 Whitney Drive, Riverdale, California, that is improved with a 160 acre the dairy facility and
12 five water wells as listed in its Schedule A – Real Property. Debtor believes that the Real
13 Property has a value of about \$15,950,000.00. Debtor's opinion of value of the Real Property
14 is based on its familiarity with the dairy industry and not based on an appraisal or broker's
15 opinion of value.

16 2. Scheduled Personal Property

17 Debtor listed the following personal property valued at \$11,621,969.18 on its Schedule
18 B – Personal Property, including all amendments:

<u>Description of Property</u>	<u>Estimated Value</u>
Money on Deposit and cash on hand	\$ 55,570.36
Interest in Land O'Lakes	\$ 408.00
Interest in California Dairies, Inc.	\$ 1,189,791.00
Interest in All West/Select Sires	\$ 30,431.00
Milk Proceeds (Accounts Receivable)	\$ 992,633.50
Claim against Kasiner Farms et al	Unknown
Dairy Permit	\$ 0.00
California Dairies Production Base	\$ 177,147.00
Automobiles, Trucks, Trailers and other vehicles	\$ 12,850.00
Medicine and Fuel	\$ 10,000.00
Machinery, Fixtures and Equipment	\$ 1,953,163.00
Cattle	\$ 5,166,544.00
Feed Inventory and Growing Crops	\$ 1,939,205.00
Retainers held by Professionals	\$ 94,226.32
TOTAL	\$ 11,621,969.18

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3. Post-Petition Change in Assets as of July 31, 2013, According to Debtor

a) Real Property

There has been no change in the real property owned by Debtor since it filed for relief under Chapter 11.

b) Personal Property

There have been the following changes in the personal property owned by Debtor since it filed for relief under Chapter 11 as of July 31, 2014:

<u>Description of Property</u>	<u>Estimated Value</u>
Money on Deposit and cash on hand	\$ 560,365.18
Interest in Land O'Lakes	\$ 408.00
Interest in California Dairies, Inc.	\$ 1,189,791.00
Interest in All West/Select Sires	\$ 30,431.00
Milk Proceeds (Accounts Receivable)	\$ 1,437,000.00
Claim against Kasiner Farms et al	Unknown
Dairy Permit	\$ 0.00
California Dairies Production Base	\$ 177,147.00
Automobiles, Trucks, Trailers and other vehicles	\$ 12,500.00
Medicine and Fuel	\$ 10,000.00
Machinery, Fixtures and Equipment	\$ 1,945,000.00
Cattle	\$ 5,430,650.00
Feed Inventory and Growing Crops	\$ 2,742,145.00
Retainers held by Professionals	\$ 0.00
TOTAL	\$ 13,535,437.18

The values given are based on the opinions of Debtor based on its familiarity with the dairy industry and not expert opinion or analysis.

VI. Tax Attributes

Debtor has no tax attributes because it is a general partnership. Therefore, Debtor's tax attributes pass-through to its partners.

VII. Pending Litigation

Debtor is a defendant and counter-claimant in *Kasiner Farms et al v. J&D Wilson and Sons Dairy et al* as described above at Section V.5. Kasiner Farms filed a Proof of Claim No. 6 asserting a claim in the amount of \$174,897.99. Kasiner Farms filed an amendment to Proof

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1 of Claim No. 6 reducing the claim to \$100,000.00, as a result of a compromise. Debtor will
2 file a motion to compromise to obtain approval of the proposed compromise.

3 **VIII. Preferences and Fraudulent Transfers**

4 Debtor will not pursue preferential transfers because the Plan provides for 100%
5 payment to all creditors with interest. Recovery of preferences would not increase the net
6 dividend under the Plan because any recoveries would result in the increase of claims against
7 the estate under 11 U.S.C. § 502(h).

8 **IX. Chapter 7 Comparison**

9 Creditors will receive a greater dividend in its Chapter 11 case than would be available
10 in a Chapter 7 case because the Plan provides that all allowed claims will be paid in full with
11 interest after confirmation of the Plan.

12 A liquidation analysis of Debtor's assets is attached here as Exhibit "A" ("the Chapter 7
13 Comparison"). The Chapter 7 Comparison is Debtor's best estimate of the liquidation of its
14 assets by a Chapter 7 trustee.

15 The Chapter 7 Comparison makes several assumptions regarding the liquidation of
16 Debtor's assets and payment of claims. These assumptions include the following:

- 17 1. A Chapter 7 Trustee or a repossessing secured creditor will sell assets
18 Debtor's assets at discounted values as a result of the rapid liquidation of the
19 assets. The Chapter 7 Comparison indicates the percentage of the value and the
20 liquidation value in dollars for each class of asset that Debtor believes would be
21 obtainable by a trustee or liquidating creditor.
- 22 2. If Debtor's case were converted to a Chapter 7 case, the dairy most likely
23 would not run as efficiently as projected in the Budgets because (i) Debtor or
24 trustee will likely have a difficult time obtaining feed and other supplies
25 necessary to operate the dairy efficiently and (ii) it is likely that Debtor's
26 employees will quit or demand additional wages because of the imminent
27 termination of their employment and need to seek out new employment.
28

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1 Additionally, Debtor would be required to pay attorneys' fees for a Chapter 7
2 case. Finally, operating expenses will have to be paid in full from cash on hand.

3 3. The Chapter 7 Comparison assumes that Wells Fargo has not and will not
4 incur more than about \$450,000.00 in attorneys' fees and other costs and
5 accrued, but unpaid, interest during the terms of the Chapter 11 and 7 cases.

6 4. The Chapter 7 Comparison assumes that the cost of liquidation of Debtor's
7 personal property is either 7% or 15%. No cost of liquidation of liquid assets
8 was assumed. Debtor used 7% for the liquidation of the cattle and feed. The
9 7% represents fees associated with the sale including broker or auctioneer fees,
10 veterinary check, brand inspection, beef promotion, feed charges and yardage.
11 Debtor used the 15% based on standard auction fees for vehicle and equipment
12 auctions.

13 5. Debtor estimates that the income and capital gains tax liabilities of the
14 partners will be no less than \$6,700,000.00. Therefore, the Chapter 7
15 Comparison includes a capital gains and income tax component which has been
16 reduced from the contribution of the partners in the amount of about
17 \$6,700,000.00. Debtor is a partnership and any taxes, including capital gains
18 and income tax obligations, pass through to the partners in Debtor.

19 **X. Accounting Method Used to Produce Information**

20 The accounting method used to produce the information contained in the Disclosure
21 Statement is the cash method of accounting. Debtor's tax returns are filed on a cash basis.
22 Debtor's fiscal year is January 1 through December 31.

23 **XI. Creditor Risks**

24 Debtor believes that there is risk to creditors associated with the confirmation of the
25 Plan. The primary risks are risks that are inherent in the dairy industry such as market changes
26 in the price of milk and price of feed, disease of the herd, conception rates, and weather related
27 risks that may impact herd health, milk production, and/or crop production. However, Debtor
28 does not believe that its business is more prone to suffer from these risks than the dairy industry

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1 generally. The primary risk to creditors would be failure by Debtor to complete the payments
2 required by the Plan and the Chapter 11 case being dismissed or converted to Chapter 7.
3 Dismissal of the Chapter 11 case would allow Wells Fargo and Farm Credit West to repossess
4 and liquidate their collateral that would deprive unsecured creditors that property as a source of
5 repayment of their claims. The Chapter 7 comparison discussed above at Section IX. reflects a
6 similar outcome if the case is converted to Chapter 7. Therefore, Debtor believes that the
7 benefits associated with the Plan outweigh the risks associated with the Plan and that the Plan
8 represents the best chance for all creditors to receive payment in full on their claims.

9 **XII. Affiliates.**

10 Debtor does not have any affiliates other than its partners. Related parties and insiders
11 are described above in Section II. C.

12 **XIII. SUMMARY OF THE PLAN**

13 **A. Generally**

14 Debtor will continue to operate its dairy business after confirmation of the Plan. Debtor
15 has evaluated its business operations and made the improvements described in paragraph III in
16 order to increase its milk production, crop production, and efficiencies of its dairy operation.
17 Debtor believes that these actions will improve its business and ability to make payments
18 required under the Plan. Based upon these improvements, Debtor projects that its business will
19 generate the cash flow necessary to make all required payments to creditors in the amounts set
20 forth in the Plan. Budgets are attached as Exhibit "B" (the "Budgets") and demonstrate the
21 ability of Debtor to meet the payments required under the Plan. Information concerning the
22 Debtor's projected milking herd, mature herd, heifers, culls, milk production, feed costs, and
23 farming expenses are included in the Budgets.

24 **B. Payments from Current Cash Flow**

25 In addition to its current expenses, Debtor's Plan contemplates the ability to pay its
26 administrative claims on or before the Effective Date of the Plan as described above in Section
27 V.A.1. Debtor will use its operating income to make payments to its creditors as required by
28 the Plan.

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C. Payments to Unimpaired Secured Creditors

1. Class Three Claims – Bank of the West. Bank of the West holds a claim secured by purchase money security interest in a 2013 Ford F-350 pick-up truck. Bank of the West's claim is unimpaired by the Plan and will be paid as according to the terms of the Vehicle Purchase Agreement, which requires monthly payments in the amount of about \$627.00 per month.

2. Class Four Claim – Fresno County Tax Collector. The Plan provides that the Claim held by the Fresno County Tax Collector ("FCTC") secured by personal property is the Class Four Claim. The Class Four Claim will be paid in full on the Effective Date.

D. Treatment of Impaired Secured Creditors

1. Treatment of Class Five Claims – Farm Credit West, FLCA (Mortgage). FLCA's claim secured by a first deed of trust recorded against the Real Property is classified as an Allowed Class Five Claim under the Plan. The Class Five Claim was about \$7,575,188.24 on the Petition Date. Debtor is not contractually obligated on the Class Five Claim. However, it is a Claim against the estate because it is secured by a deed of trust recorded against property of the estate. As of the date of the filing of this Disclosure Statement, the Class Five Claim is in arrears by about \$290,000.00 including unpaid principal, interest, fees, and costs. Debtor will make payments to FLCA on its Class Five Claim in the amount of the contractual obligation, which is currently \$42,266.40. Additionally, Debtor will pay the amount of the arrearage to FLCA in 24 equal monthly payments without interest. Debtor and FLCA will execute loan documents memorializing the terms of the Plan under which Debtor will assume direct contractual liability for the Class Five Claim.

The FLCA New Loan Documents will be filed as a Plan Supplement at least 28 days prior to the hearing on confirmation of the Plan. It is a condition to the Plan becoming effective that the FLCA New Loan Documents are signed by FLCA and Debtor in form and substance satisfactory to FLCA and Debtor.

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2. **Treatment of Class Six and Seven Claims – Farm Credit West, PCA and FLCA (Letters of Credit).** PCA and FLCA’s claims arising from a letters of credit made to the Vanderham Family Trust and secured by deeds of trust recorded against the Real Property and real property owned by the Vanderham Family Trust are classified as Classes Six and Seven under the Plan respectively. The Class Six and Seven Claims secure repayment of industrial revenue bonds that were issued by the California Pollution Control Authority (“the Authority”). The bond held by the Authority related to the improvement of the Real Property owned by Debtor and secured by the PCA letter of credit that is the Class Six Claim was about \$2,589,589.00 on the Petition Date (“the Bond”). The bond held by the Authority related to the improvement of the Real Property owned by the Vanderham Family Trust and secured by the FLCA letter of credit that is the Class Seven Claim was about \$2,500,000.00 on the Petition Date (“the FLCA Bond”). Debtor is not contractually obligated on the Class Six or Seven Claims. However, the Class Six and Seven Claims are claims against the estate because they are secured by property of the estate. Debtor and PCA will execute loan documents memorializing the terms of the Plan under which Debtor will assume direct contractual liability for the Class Six Claim. Debtor will pay all payments required by the Bond to PCA. FLCA will reconvey its deed of trust recorded against the Real Property owned by Debtor and Debtor will have no further obligations under the Class Seven Claim, in exchange, PCA will reconvey its deed of trust recorded against the real property owned by the Vanderham Family Trust which secured the Class Six Claim.

The PCA New Loan Documents will be filed as a Plan Supplement at least 28 days prior to the hearing on confirmation of the Plan. It is a condition to the Plan becoming effective that the PCA New Loan Documents are signed by PCA and Debtor in form and substance satisfactory to PCA and Debtor.

3. **Treatment of Class Eight Claim – Wells Fargo Bank.** Wells Fargo Bank’s claim under the Wells Fargo Pre-Petition Loan Documents is the Class Eight Claim. The Class Eight Claim is secured by, among other things, a security interest in personal property owned by Debtor and a deed of trust recorded against the Real Property, which is

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junior to the deeds of trust held by FLCA and PCA. The Class Eight Claim was \$6,375,692.16 on the Petition Date. The terms of the treatment of the Class Eight Claim will be memorialized in the Wells Fargo New Loan Documents and will provide:

- a. The amount of the Allowed Class Eight Claim will be \$6,375,392.16, plus non-default interest accrued through but not paid on the Effective Date and reasonable costs including attorneys' fees and consultant expenses, as provided by the Wells Fargo Pre-Petition Loan Documents, less any principal payments made toward the Class Eight Claims, if any, since the Petition Date.²
- b. Interest on the amount of the Allowed Class Eight Claim will accrue at the rate of prime rate, plus 2% per annum, from and after the Effective Date through the 24th month after the Effective Date. Interest will accrue at the rate of prime rate, plus 3.5% in the months from and after the 25th month after the Effective date. In the event of future default during the first 24 months after the Effective Date, the interest will accrue at the rate of prime rate, plus 6%. In the event of default during the months beginning in the 25th month after the Effective date, interest will accrue at the rate of prime rate, plus 7.5%.
- c. Debtor will make payments to Wells Fargo on its Class Eight Claim of principal and interest totaling about \$97,000.00 per month beginning on the first day of the month following the Effective Date and continuing each month until the Maturity Date when the Class Eight Claim will be paid in full. The actual monthly payment amount will be calculated based on the balance of the loan, the applicable interest rate, the amortization period (7 years), and a principal and interest amortization (as opposed to principal plus interest amortization).
- d. Debtor and Wells Fargo will enter into the Wells Fargo New Loan Documents which will incorporate and modify the terms and conditions of the Wells Fargo Pre-Petition Loan Documents and document the treatment of the Class Eight Claim. The Wells Fargo New Loan Documents will be consistent with the terms of the Plan and in form and substance satisfactory to Wells Fargo and Debtor. Upon the Effective Date and the execution of the

² Adequate protection payments paid to Wells Fargo were applied to accruing interest, and not principal.

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Wells Fargo New Loan Documents, the Wells Fargo New Loan Documents will be controlling. The Wells Fargo New Loan Documents will be executed by Wells Fargo and Debtor before the Effective Date.

- e. The Wells Fargo New Loan Documents will include additional provisions and covenants including loan-to-value requirements, income requirements, reporting requirements, a cash sweep of an amount greater than \$750,000.00 in May and November of each year after the Effective Date, release of any claims against Wells Fargo, reaffirmation of guarantees, and other financial covenants and provisions.
- f. The Class Eight Claim will be all due and payable on the date that is 30 months after the Effective Date ("the Maturity Date")(i.e., an January 1, 2015 Effective Date result in the Class Eight Claim being all due and payable on July 1, 2017).

The Wells Fargo New Loan Documents will be filed as a Plan Supplement at least 28 days prior to the hearing on confirmation of the Plan. It is a condition to the Plan becoming effective that the New Loan Documents are signed by Wells Fargo and Debtor in form and substance satisfactory to Wells Fargo and Debtor.

4. Treatment of Class Nine Claim – Deere Credit, Inc. and/or Deere & Company. The Plan provides that the Claim held by Deere Credit and/or Deere & Company secured by purchase money security interests in tractors and other farming equipment is the Class Nine Claim. The Class Nine Claim will retain its lien and be amortized and paid over five years. The Class Nine Claim will accrue interest at the rate of five percent per annum and be paid through payments of \$4,529.10 per month.

E. Provisions for Executory Contracts and Unexpired Leases

1. Class Ten - Unexpired Farmland Leases with CA Vanderham & Sons. Class Ten of the Plan provides that Debtor will assume the two unexpired nonresidential real property leases under which Debtor leases about 919.54 acres from CA Vanderham. The farmland that is the subject of the Leases is important to Debtor to keep feed costs down. CA Vanderham alleges that the leases are in default. As discussed above in Section VI.G., Debtor and CA Vanderham attempted to assume the leases, as modified; however, the Court denied

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Debtors motion to assume the leases. Debtor will litigate the assumption of the leases claims or CA Vanderham and Debtor will come to agreement regarding the assumption of the leases in a form the parties believe the Court will approve. Any monetary damages as a result of the rejection of the leases will be included in Class Nineteen.

2. Class Eleven – Unexpired Equipment Leases with John Deere

Financial. Class Eleven of the Plan provides that Debtor will assume the leases under which Debtor leases farm equipment from John Deere Financial and/or Deere Credit, Inc. Debtor will bring a motion to assume the leases that it intends to set for hearing in conjunction with the hearing on confirmation of the Plan.

3. Class Twelve – Executory Contract with California Dairies, Inc.

Class Twelve of the Plan provides that Debtor will assume its Milk Marketing and Membership Agreement with California Dairies, Inc. Debtor will bring a motion to assume the executory contract that it intends to set for hearing in conjunction with the hearing on confirmation of the Plan.

4. Class Thirteen– Executory Contracts with Onshore Exploration

Corporation. Class Thirteen of the Plan provides that Debtor will assume its two executory contracts with Onshore Exploration Corporation concerning Onshore’s right to prospect for oil, gas, and minerals on the Real Property owned by Debtor. Debtor will bring a motion to assume the executory contracts that it intends to set for hearing in conjunction with the hearing on confirmation of the Plan.

5. Class Fourteen – Executory Contract with Standard Cattle

Company. Class Fourteen provides that Debtor will assume its Heifer Purchase and Raising executory contract with Standard Cattle (“Standard”) which provides that Debtor sells its day old heifers to Standard for \$1.00 each, and pays Standard \$2.35 per day to redeem the heifers. Debtor will bring a motion to assume the executory contracts that it intends to set for hearing in conjunction with the hearing on confirmation of the Plan.

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1 **6. Class Fifteen – Executory Contract with L&J Vanderham Dairy**

2 Class Fifteen provides that Debtor will reject its executory contract with L&J
3 Vanderham Dairy concerning the lease by L&J Vanderham Dairy of 10,000 pounds of Debtor's
4 production base. Debtor will bring a motion to reject its executory contract with L&J
5 Vanderham Dairy that it intends to set for hearing in conjunction with the hearing on
6 confirmation of the Plan.

7 **F. Payments to Under Secured or Unsecured Creditors**

8 The Plan provides for four classes of general unsecured claims including the following
9 classes:

10 **(1) Class Seventeen.** Class Seventeen is a convenience class including general
11 unsecured claims of \$5,000.00 or less. The Class Seventeen claims total
12 \$22,653.16. The Class Seventeen claims will be paid in full within thirty days
13 of the Effective Date of the Plan.

14 **(2) Class Eighteen.** Class Eighteen is the unsecured claim held by Western
15 Milling, LLC. The Class Eighteen Claim totals \$7,397,622.51. Western
16 Milling's claim is unsecured as to the estate, but it is secured by a deed of trust
17 recorded against real property owned by CA Vanderham located in Ontario,
18 California ("the Ontario Real Property"). For this reason, Western Milling's
19 claim is classified separately from other general unsecured claims. The Ontario
20 Real Property is currently in escrow to be sold for an amount sufficient to pay
21 the Class Eighteen Claim in full. Western Milling will be paid \$10,000.00 per
22 month until the earlier of (a) the date that Western Milling is paid from
23 proceeds received from its collateral, or (b) the completion of payments to the
24 Class Twenty Claims, at which time it will share \$39,000.00 per month pro rata
25 with the Class Nineteen Claims until paid in full.

26 **(3) Class Nineteen.** Class Nineteen is a class of creditors related to Debtor and
27 includes claims held by CA Vanderham (except for the Class Ten Claims),
28 Hidden Valley Cattle Company, Resource Buyers, Lazy V Farms, D&V Dairy,

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1 and L&J Vanderham Dairy to the extent of any rejection damages. The Class
2 Nineteen Claims are estimated to be \$3,854,642.10; except, however, CA
3 Vanderham's Class Nineteen claim will increase by the amount of the proceeds
4 from the Ontario Real Property use to pay the Class Eighteen Claim held by
5 Western Milling. The Class Nineteen Claims will accrue interest at the federal
6 judgment rate. The Class Nineteen Claims will be paid a pro-rata share of
7 \$29,000.00 per month beginning on the twentieth day of the earlier of (a) the
8 61st month after the Effective Date, or (b) after payment in full of the Class
9 Twenty Claims. However, Class Nineteen will share \$39,000.00 per month pro
10 rata with the Class Eighteen Claimant in the event the Class Eighteen Claim has
11 not been fully satisfied from the sale of the Ontario Real Property at the time
12 the Class twenty Claims are paid in full.

13 **(4) Class Twenty.** Class Twenty is the class of general unsecured claims in
14 excess of \$5,000.00 unless otherwise identified in the Plan and Disclosure
15 Statement. Debtor estimates that the Class Twenty claims total \$1,644,350.36.
16 Class Twenty claims will be paid in full over a period of no more than five
17 years through monthly payments totaling \$25,000.00 per month to the Class
18 Twenty Claimants commencing on the twentieth day of the month following
19 the Effective Date through the Thirtieth month following the Effective Date and
20 payments totaling \$33,000.00 per month beginning on the Thirty-First month
21 flowing the Effective Date, and continuing each until the Class Twenty Claims
22 are paid in full. The Class Twenty Claims will accrue interest at the federal
23 judgment rate until paid in full. Class Twenty claimants will share each
24 payment pro rata. If the Class Eighteen claim is paid in full before the Class
25 Twenty Claims, the total monthly dividend to Class Twenty claimants will
26 increase by \$10,000.00, which will be distributed pro rata among the members
27 of the Class in addition to the payments described above, until the Class
28 Twenty Claimants have been paid in full.

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1 **XIV. Means of Execution**

2 Debtor will continue the operations of its dairy and farming business to general
3 sufficient income to repay creditors. As discussed above at Section III, Debtor has made
4 operational changes to improve efficiencies in its business. Debtor has increased its per cow
5 milk production, herd pregnancy rates, and is growing 100% of its forage to reduce Debtor's
6 exposure to price volatility in the feed market. Debtor will continue to improve its operations.
7 Debtor will restore its herd size to its historical average of about 4,000 total mature head.
8 Debtor intends to do this over the term of the Plan as indicated in the Budget.

9 Debtor will reinstate its heifer program by purchasing heifers from Standard Cattle
10 under the terms of its contract with Standard.

11 During Chapter 11, Debtor has generated average income of about \$1,733,501.99 per
12 month. As reflected in the Budgets, Debtor's ongoing operations will be sufficient to meet
13 ongoing expenses and make payments required by the Plan. Debtor's Budgets reflecting these
14 payments is attached as Exhibit "B."

15 The Budgets were developed with input from the partners in Debtor; Debtor's business
16 advisors, GlassRatner; Debtor's accountants, Frazer, LLP; Debtor's nutritionist, veterinarian,
17 and its risk management advisor. The Budgets are based on Debtor's historic performance,
18 current and projected herd size and complexion, adjusted futures prices and historical average
19 prices, and projections concerning milk production. Debtor believes that the Budgets are the
20 best available projections concerning the future performance of its business.

21 Debtor may generate unanticipated profits. If unanticipated profits are generated during
22 the term of the Plan, they will remain with Debtor as capital to ensure Debtor remains viable,
23 except as described below. Debtor will not have access to lines of credit to operate the
24 business. Therefore, it is important that Debtor maintain capital sufficient to operate the
25 business. This is especially true in the dairy business because of (i) fluctuations in milk price
26 and feed costs and (ii) other risks described in Section XI. above. Debtor believes that the
27 capital shown in the Budgets is thin, but sufficient. If unanticipated profits are generated, those
28 profits will further ensure the success of Debtor's reorganization. However, the Wells Fargo

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1 New Loan Documents will provide that any excess profits beyond \$750,000.00 on hand in
2 Debtor's operating account on May 31 and November 30 of each year during the first 30
3 months, will be swept from Debtor's operating account and applied to Wells Fargo's secured
4 claim because profits, including unanticipated profits, are subject to Wells Fargo's security
5 interest.

6 Debtor intends to refinance the debt owed to Wells Fargo at the time the balloon
7 payment comes due 30 months after the Effective Date. Based on the information contained in
8 the Budget and the amortization of the Wells Fargo claim, Debtor believes that the amount of
9 the Wells Fargo claim will be reduced to a range of loan-to-value ratios that financial
10 institutions would be willing to consider for take-out lending. See Budget at Exhibit B, page
11 42.

12 **XV. Effect of Confirmation**

13 On the Effective Date, all provisions of the Plan will be binding upon Debtor, all
14 Claimants, and other persons who are affected by the Plan. All Claims against Debtor that exist
15 upon Confirmation of the Plan will be discharged and all pre-petition defaults deemed cured in
16 exchange for the payments required under the Plan. Claimants will be enjoined from
17 commencing or continuing any action to collect recover, or offset any released Claim as a
18 liability of Debtor to the fullest extent permitted by sections 1141(d)(1) and 524 of the
19 Bankruptcy Code.

20 **XVI. Alternative to Plan**

21 Dismissal of the case or conversion to Chapter 7 are alternatives available to Debtor if
22 the Plan is not confirmed. Debtor believes that confirmation of the Plan is preferable to the
23 dismissal of its case because dismissal of the case would result in repossession by secured
24 creditors on their collateral, termination of the business operated by Debtor, and loss of
25 employment for Debtor's employees. Moreover, Debtor believes that all creditors will receive
26 greater payment and at a lower cost of administration through the Plan than would occur in the
27 event of conversion to Chapter 7. Debtor does not believe that unsecured creditors would
28

1 receive payment in full of their claims if the case was converted to Chapter 7 because Debtor
 2 believes that the liquidation value of its assets is less than the going concern value of its assets.

3 **XVII. Solicitation of Acceptances**

4 The purpose of the Disclosure Statement is to provide adequate information to creditors
 5 pursuant to provisions of the Bankruptcy Code. Each creditor should consult with its own
 6 legal, tax or financial advisor to the extent it deems necessary to understand the effect that
 7 confirmation of the Plan or failure of confirmation may have on its particular situation.

8 Date: September 3, 2014

J&D WILSON AND SONS DAIRY

9
 10 By /s/ James L. Wilson
 JAMES L. WILSON, Partner

11 **APPROVED:**

12 KLEIN, DeNATALE, GOLDNER,
 COOPER, ROSENLIB & KIMBALL, LLP

13
 14 By /s/ Jacob L. Eaton
 JACOB L. EATON
 Attorneys for Debtor-in-Possession

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J&D WILSON AND SONS DAIRY
Chapter 7 Comparison

Estimated as of July 31, 2014

Asset	Market Value	Forced Sale	Estimated Liquidation Values
Real Property	\$ 15,950,000	97%	\$ 15,471,500
Money on Deposit	\$ 560,365	100%	\$ 560,365
Equity in Land O'Lakes	\$ 408	50%	\$ 204
Equity in California Dairies, Inc. Co-Op	\$ 1,189,791	50%	\$ 594,896
Equity in All West/Select Sires	\$ 30,431	50%	\$ 15,216
Milk Proceeds	\$ 1,437,000	100%	\$ 1,437,000
Dairy Permit to Operate	\$ -		\$ -
Unliquidated Claim against Kasiner Farms	\$ -		\$ -
Production base in California Dairies	\$ 177,147	75%	\$ 132,860
Vehicles	\$ 12,500	85%	\$ 10,625
Medicine and Fuel	\$ 10,000	50%	\$ 5,000
Machinery, Fixtures and Equipment	\$ 1,945,000	75%	\$ 1,458,750
(1) Livestock	\$ 5,430,650	75%	\$ 4,072,988
Feed Inventory and Growing Crops	\$ 2,742,145	75%	\$ 2,056,609
Retainers Held by Professionals	\$ -		\$ -
(2) Contribution from Partners	\$ 3,742,952	100%	\$ 3,742,952
Total	\$ 33,228,390		\$ 29,558,964
Secured Claims			
(3) Farm Credit West			\$7,731,294.45
Farm Credit West PCA - Bond			\$2,589,589.00
Farm Credit West FLCA - Bond			\$2,500,000.00
(3) Wells Fargo Bank			\$6,825,692.16
Fresno County Tax Collector			\$31,544.94
Deere Credit			\$244,775.19
Total Secured Claims			(\$19,922,896)
Cost of Sale Livestock/Feed - 7%			(\$429,072)
Cost of Sale Other Non-Liquid Personal Property Assets- 15%			(\$332,633)
Cost of Sale Real Property- 8%			(\$1,237,720)
Chapter 11 Admin.			(\$400,000)
Chapter 7 Admin. (fees for trustee, attorney and accountant)			(\$950,019)
Total Costs and Expenses			(\$23,272,339)
Net			\$ 6,286,625

- (1) Livestock values based on \$1500/head for 1st year and dry cows (3,545 total) and \$1550/head for Springers (73 total)
- (2) Partnership contributions are calculated on market value of assets, less exemptions, less taxes associated with liquidation of property
- (3) Proof of Claim amount, plus estimated interest and attorneys fees

J&D Wilson and Sons Dairy
Monthly Cash Flow Projection

	Jan-15	Feb-15	Mar-15	Apr-15	Year 1 Total	\$/CWT
Cash - Beginning Balance	\$ 1,641,558	\$ 1,142,293	\$ 990,191	\$ 953,558	\$ 1,131,976	
Restricted Cash (Farming) - Beginning Balance	\$ 81,570	\$ 128,729	\$ 211,158	\$ 322,017	\$ -	
REVENUE						
Net Milk Revenue	\$ 1,416,729	\$ 1,245,612	\$ 1,376,068	\$ 1,379,405	\$ 17,082,136	\$ 19.22
Cull Cattle Sales	\$ 81,088	\$ 81,426	\$ 81,765	\$ 82,106	\$ 963,092	\$ 1.08
Calf Sales	\$ 21,744	\$ 21,834	\$ 21,925	\$ 22,017	\$ 258,251	\$ 0.29
CDI Dividend	-	-	\$ 88,656	\$ 213,253	\$ 302,109	\$ 0.34
Crop Inventory Sales	-	-	-	-	-	-
TOTAL REVENUE	1,519,561	1,348,872	1,566,613	1,695,781	18,605,588	20.94
OPERATING EXPENSES						
Feed Expenses						
Milk Cows	724,671	660,777	756,681	714,310	8,236,626	9.27
Non-Milk Cows	53,677	48,684	54,125	54,351	650,347	0.73
Less: Value of Feed Produced	(222,773)	(202,053)	(224,634)	(218,293)	(2,594,914)	(2.92)
Total Feed Expenses	555,575	507,408	586,172	550,367	6,292,059	7.08
Variable Expense						
Livestock Purchases	201,975	196,769	224,809	235,429	3,013,261	3.39
Labor - Dairy	80,003	72,562	80,671	81,008	928,200	1.04
Utilities - Dairy	57,000	57,000	57,000	66,500	759,996	0.86
Repairs & Maintenance - Dairy	10,343	9,381	10,429	10,473	120,000	0.14
Vet and Medicine	19,135	17,355	19,294	19,375	222,000	0.25
Supplies and Teat Dip	16,549	15,010	16,687	16,757	192,000	0.22
Testing & Trimming	5,999	5,441	6,049	6,074	69,600	0.08
Fuel & Oil/Auto & Truck	19,721	17,896	19,885	19,968	228,800	0.26
Payroll Tax	20,169	18,293	20,337	20,422	234,000	0.26
Hauling Livestock	1,603	1,454	1,617	1,623	18,600	0.02
Misc	517	469	521	524	6,000	0.01
Insurance - Life	-	12,231	-	-	48,924	0.06
Deadstock Removal	388	352	391	393	4,500	0.01
Breeding and Semen	10,860	9,850	10,951	10,996	129,000	0.14
Manure Spreading	4,310	3,909	4,346	4,364	50,000	0.06
Phone, Internet, Cow Record Proc.	1,551	1,407	1,564	1,571	18,000	0.02
Nutritionist	3,206	2,908	3,233	3,247	37,200	0.04
Total Variable Expenses	453,329	442,277	477,786	498,722	5,077,081	6.84
Farming Expenses						
Cost of Feed Produced	213,640	178,370	149,940	273,994	3,129,588	3.52
Fixed Expenses						
Insurance - General, employee, comp [1]	44,358	44,358	44,358	44,358	532,296	0.60
Partner Draws	3,000	3,000	3,000	3,000	127,000	0.14
Accounting	7,000	7,000	7,000	7,000	84,000	0.09
Property Taxes	-	-	-	27,000	54,000	0.06
Equipment Lease	5,993	5,993	5,993	5,993	71,916	0.08
Total Fixed Expenses	60,351	60,351	60,351	87,351	869,212	0.98
Capx Reserve Payment	20,000	20,000	20,000	20,000	240,000	0.27
TOTAL EXPENSES	1,302,895	1,208,406	1,294,249	1,430,434	16,807,940	15.17
Operating Cash Flow	216,666	140,466	274,365	265,347	1,997,649	5.77

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J&D Wilson and Sons Dairy
Monthly Cash Flow Projection

	Jan-15	Feb-15	Mar-15	Apr-15	Year 1 Total	\$/CWT
RESTRUCTURING EXPENSES						
Interest Expense						
Class 5 - Farm Credit West (Interest)	22,094	22,035	21,976	21,917	264,778	0.30
Other Loans	11,076	11,061	11,045	11,029	132,821	0.15
Class 8 - Wells Fargo	27,892	27,617	27,340	27,062	333,050	0.37
Total Interest Expense	61,063	60,713	60,361	60,008	730,649	0.82
Principal Payments						
Class 5 - Farm Credit West (Principal)	20,172	20,231	20,290	20,349	81,042	0.09
Class 5 - Farm Credit West (Cure)	12,145	12,145	12,145	12,145	48,581	0.05
Other Loans	3,790	3,806	3,822	3,838	15,257	0.02
Class 8 - Wells Fargo (Cash Sweep)	-	-	-	-	-	-
Class 8 - Wells Fargo (Herd & Feed)	62,968	63,243	63,520	63,798	253,529	0.29
Total Principal Payments	99,075	99,426	99,777	100,130	398,408	0.45
Total Secured Payments	160,138	160,138	160,138	160,138	1,129,058	0.81
Class 1 - Administrative Claims [2]	389,000	15,000	5,000	5,000	414,000	0.47
Class 2 - Other Priority Claims	20,036	-	-	-	20,036	0.02
Class 4 - Fresno County Tax Collector	31,545	-	-	-	31,545	0.04
Class 17 - General Unsecured (>\$5,000)	22,653	-	-	-	22,653	0.03
Class 18 - Western Milling	10,000	10,000	10,000	10,000	40,000	0.05
Class 19 - C.A. Vanderham	-	-	-	-	-	-
Class 20 - General Unsecured Claims (Excl. 1)	25,000	25,000	25,000	25,000	100,000	0.11
United States Trustee	10,400	-	-	10,400	40,950	0.05
TOTAL RESTRUCTURING EXPENSES	668,772	210,138	200,138	210,538	1,798,241	2.02
Income Taxes						
California State Income Tax	-	-	-	-	-	-
Federal Income Tax	-	-	-	-	-	-
Total Income Taxes	-	-	-	-	-	-
Total Cash Outflows	1,971,667	1,418,544	1,494,387	1,640,973	18,408,181	17.19
Net Cash Flow	(452,106)	(69,673)	74,226	55,808	199,407	3.75
Cash - Ending Balance	\$ 1,142,293	\$ 990,191	\$ 953,558	\$ 1,022,562	\$ 1,022,562	
Restricted Cash (Farming) - Ending Balance	\$ 128,729	\$ 211,158	\$ 322,017	\$ 308,822	\$ 308,822	

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GR Cash Flow

J&D Wilson and Sons Dairy
Monthly Cash Flow Projection

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Year 2 Total	\$CHT
Cash - Beginning Balance	\$ 1,022,562	\$ 750,000	\$ 760,266	\$ 783,339	\$ 692,851	\$ 607,208	\$ 574,845	\$ 427,065	\$ 333,001	\$ 219,702	\$ 299,529	\$ 228,411	\$ 1,022,562	
Restricted Cash (Farming) - Beginning Balance	\$ 308,822	\$ 41,436	\$ 21,727	\$ 46,902	\$ 142,964	\$ 245,707	\$ (20,995)	\$ 12,022	\$ 91,691	\$ 136,319	\$ (42,346)	\$ 65,993	\$ 308,822	
REVENUE														
Net Milk Revenue	\$ 1,469,045	\$ 1,430,905	\$ 1,432,517	\$ 1,345,886	\$ 1,309,256	\$ 1,410,898	\$ 1,382,451	\$ 1,425,312	\$ 1,398,592	\$ 1,313,812	\$ 1,389,162	\$ 1,329,437	\$ 16,636,271	\$ 17,63
Cull Cattle Sales	\$ 82,448	\$ 82,791	\$ 83,136	\$ 83,483	\$ 83,831	\$ 84,180	\$ 84,531	\$ 84,883	\$ 85,232	\$ 85,582	\$ 85,948	\$ 86,306	\$ 1,012,366	1.07
Cal Sales	22,108	22,200	22,293	22,386	22,479	22,573	22,667	22,761	22,856	22,951	23,047	23,143	\$ 271,464	0.29
CDI Dividend	-	-	-	-	-	-	-	-	-	-	88,856	213,253	302,109	0.32
Crop Inventory Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	1,573,601	1,535,896	1,537,946	1,451,755	1,414,565	1,517,650	1,489,648	1,532,956	1,506,685	1,422,355	1,587,012	1,652,140	16,222,210	19.31
OPERATING EXPENSES														
Feed Expenses														
Milk Cows	710,159	664,492	699,990	655,136	650,531	699,958	775,938	751,122	761,747	719,390	795,394	726,634	8,570,391	9.08
Non-Milk Cows	46,481	46,073	47,807	48,477	45,736	47,458	46,118	47,854	48,053	45,141	48,455	47,087	564,740	0.80
Less: Value of Feed Produced	(185,271)	(180,041)	(186,818)	(187,596)	(182,301)	(189,163)	(183,823)	(190,742)	(191,537)	(173,722)	(193,137)	(187,685)	(2,231,837)	(2.37)
Total Feed Expenses	571,369	530,523	520,979	516,017	513,966	558,153	638,233	608,233	618,263	590,808	650,712	586,036	6,903,294	7.32
Variable Expense														
Livestock Purchases	202,301	183,981	184,748	185,910	191,636	187,066	190,827	188,629	197,756	213,165	200,831	211,294	2,338,145	2.48
Labor - Dairy	81,017	77,477	76,661	72,109	72,241	77,999	76,781	79,671	80,003	72,562	80,671	81,008	928,200	0.98
Utilities - Dairy	68,400	70,300	70,300	70,300	66,500	62,700	57,000	57,000	57,000	57,000	57,000	57,000	759,996	0.81
Repairs & Maintenance - Dairy	10,474	10,016	9,911	9,322	9,339	10,084	9,926	10,300	10,343	9,361	10,429	10,473	120,000	0.13
Vet and Medicine	19,377	18,530	18,335	17,246	17,278	18,555	18,364	19,055	19,135	17,355	19,294	19,375	222,000	0.24
Supplies and Feed Dip	16,758	16,026	15,858	14,916	14,943	16,134	15,882	16,480	16,549	15,010	16,687	16,757	192,000	0.20
Testing & Trimming	6,075	5,810	5,748	5,407	5,417	5,849	5,757	5,974	5,999	5,441	6,049	6,074	69,600	0.07
Fuel & Oil/Auto & Truck	19,971	19,098	18,897	17,775	17,807	19,227	18,926	19,639	19,721	17,886	19,885	19,968	228,800	0.24
Payroll Tax	20,424	19,532	19,326	18,179	18,212	19,564	19,357	20,085	20,169	18,293	20,337	20,422	234,000	0.25
Hauling Livestock	1,623	1,553	1,536	1,445	1,448	1,563	1,539	1,597	1,603	1,454	1,617	1,623	18,600	0.02
Misc	524	501	486	466	467	504	496	515	517	469	521	524	6,000	0.01
Insurance - Life	12,231	-	-	12,231	-	-	-	-	-	-	-	-	48,924	0.05
Deadstock Removal	383	376	372	350	350	378	372	386	388	352	391	393	4,500	0.00
Breeding and Semen	10,998	10,517	10,407	9,789	9,806	10,586	10,423	10,815	10,860	9,850	10,951	10,966	126,000	0.13
Manure Spreading	4,364	4,174	4,130	3,884	3,891	4,202	4,136	4,292	4,310	3,909	4,346	4,364	50,000	0.05
Phone, Internet, Cow Record Proc.	1,571	1,502	1,487	1,398	1,401	1,513	1,489	1,545	1,561	1,407	1,584	1,571	18,000	0.02
Nutritionist	3,247	3,105	3,072	2,890	2,895	3,126	3,077	3,193	3,206	2,908	3,233	3,247	37,200	0.04
Total Variable Expenses	479,748	442,497	441,263	443,616	433,632	439,250	446,585	439,176	449,110	458,673	453,808	474,567	5,401,965	5.72
Farming Expenses														
Cost of Feed Produced	525,655	277,978	233,094	162,216	155,516	524,971	225,252	178,600	213,640	178,370	149,940	273,964	3,098,226	3.28
Fixed Expenses														
Insurance - General, employee, comp [1]	44,358	44,358	44,358	44,358	44,358	44,358	44,358	44,358	44,358	44,358	44,358	44,358	532,286	0.56
Partner Draws	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000	0.07
Accounting	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	84,000	0.09
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	54,000	0.06
Equipment Lease	5,993	5,993	5,993	5,993	5,993	5,993	5,993	5,993	5,993	5,993	5,993	5,993	71,916	0.08
Total Fixed Expenses	60,351	60,351	60,351	60,351	60,351	60,351	60,351	60,351	60,351	60,351	60,351	60,351	808,212	0.86
Capx Reserve Payment	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000	0.13
TOTAL EXPENSES	1,647,122	1,321,349	1,285,707	1,222,200	1,173,465	1,592,725	1,390,421	1,323,360	1,351,364	1,298,202	1,324,811	1,431,968	16,332,696	14.02
Operating Cash Flow	(73,521)	214,547	272,239	229,555	241,101	(75,075)	109,227	209,595	155,320	124,152	262,201	220,172	1,889,514	5.29

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GR Cash Flow

J&D Wilson and Sons Dairy
Monthly Cash Flow Projection

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Year 2 Total	\$/CWT
RESTRUCTURING EXPENSES														
Interest Expense														
Class 5 - Farm Credit West (Interest)	21,858	21,798	21,739	21,679	21,619	21,559	21,498	21,438	21,377	21,316	21,255	21,194	258,328	0.27
Other Loans	11,013	10,987	10,961	10,935	10,908	10,882	10,856	10,830	10,804	10,778	10,752	10,726	131,079	0.14
Class 8 - Wells Fargo	28,783	28,503	28,221	27,938	27,654	27,370	27,086	26,802	26,518	26,234	25,950	25,666	302,623	0.32
Total Interest Expense	59,654	59,288	58,941	58,582	58,221	57,860	57,498	57,136	56,775	56,414	56,052	55,691	692,030	0.73
Principal Payments														
Class 5 - Farm Credit West (Principal)	20,408	20,468	20,528	20,588	20,648	20,708	20,768	20,829	20,889	20,950	21,012	21,073	248,869	0.26
Class 8 - Farm Credit West (Cure)	12,145	12,145	12,145	12,145	12,145	12,145	12,145	12,145	12,145	12,145	12,145	12,145	145,743	0.15
Other Loans	3,854	3,870	3,886	3,902	3,919	3,935	3,951	3,968	3,984	4,001	4,018	4,034	47,323	0.05
Class 8 - Wells Fargo (Cash Sweep)	242,436	-	-	-	-	-	-	-	-	-	-	-	242,436	0.26
Class 8 - Wells Fargo (Herd & Feed)	64,077	64,357	64,639	64,922	65,206	65,491	65,777	66,065	66,354	66,645	66,936	67,229	787,697	0.83
Total Principal Payments	342,921	100,841	101,188	101,537	101,917	102,279	102,642	103,007	103,373	103,741	104,111	104,481	1,472,068	1.56
Total Secured Payments	402,574	160,138	160,138	160,138	160,138	160,138	160,138	160,138	160,138	160,138	160,138	160,138	2,164,098	2.86
Class 1 - Administrative Claims [2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 2 - Other Priority Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 4 - Fresno County Tax Collector	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 17 - General Unsecured (>\$5,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 18 - Western Milling	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000	0.13
Class 19 - C.A. Vandenhorn	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000	0.32
Class 20 - General Unsecured Claims (Excl. 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United States Trustee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RESTRUCTURING EXPENSES	437,574	195,138	195,138	195,138	195,138	195,138	195,138	195,138	195,138	195,138	195,138	195,138	2,584,098	2.74
Income Taxes														
California State Income Tax	6,633	6,633	6,633	6,633	6,633	6,633	6,633	6,633	6,633	6,633	6,633	6,633	78,601	0.09
Federal Income Tax	22,219	22,219	22,219	22,219	22,219	22,219	22,219	22,219	22,219	22,219	22,219	22,219	266,623	0.30
Total Income Taxes	28,852	28,852	28,852	28,852	28,852	28,852	28,852	28,852	28,852	28,852	28,852	28,852	345,224	0.39
Total Cash Outflows	2,113,549	1,545,340	1,485,698	1,446,191	1,397,455	1,816,716	1,604,412	1,547,351	1,575,365	1,522,193	1,548,802	1,655,959	19,283,018	16.76
Net Cash Flow	(539,948)	(9,443)	(48,249)	(5,564)	17,110	(299,066)	(114,763)	(14,395)	(68,670)	(99,838)	38,210	(3,819)	(1,040,808)	2.55
Cash - Ending Balance	\$ 750,000	\$ 760,266	\$ 783,339	\$ 692,851	\$ 607,208	\$ 574,845	\$ 427,065	\$ 333,001	\$ 219,702	\$ 298,529	\$ 228,411	\$ 240,317	\$ 240,317	
Restricted Cash (Farming) - Ending Balance	\$ 41,436	\$ 21,727	\$ 46,902	\$ 142,954	\$ 245,707	\$ (20,955)	\$ 12,022	\$ 91,691	\$ 136,319	\$ (42,346)	\$ 65,983	\$ 50,258	\$ 50,258	

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J&D Wilson and Sons Dairy
Monthly Cash Flow Projection

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Year 3 Total	\$CWT
Cash - Beginning Balance	\$ 240,317	\$ 610,644	\$ 1,284,354	\$ 1,147,247	\$ 900,536	\$ 662,866	\$ 970,257	\$ 667,947	\$ 426,236	\$ 213,244	\$ 517,100	\$ 346,459	\$ 240,317	
Restricted Cash (Farming) - Beginning Balance	\$ 50,258	\$ (197,466)	\$ (197,512)	\$ (162,675)	\$ (36,960)	\$ 85,456	\$ (161,584)	\$ (344,855)	\$ (245,523)	\$ (181,232)	\$ (81,671)	\$ 46,320	\$ 50,258	
REVENUE														
Ner Milk Revenue	\$ 1,464,721	\$ 1,424,272	\$ 1,402,301	\$ 1,319,021	\$ 1,280,565	\$ 1,382,633	\$ 1,361,057	\$ 1,412,286	\$ 1,418,170	\$ 1,266,106	\$ 1,407,601	\$ 1,367,870	\$ 16,506,604	\$ 16.52
Cull Cattle Sales	\$ 86,066	\$ 87,027	\$ 87,390	\$ 87,794	\$ 86,120	\$ 88,467	\$ 88,855	\$ 89,226	\$ 89,597	\$ 89,971	\$ 90,346	\$ 90,722	\$ 1,084,160	\$ 1.07
Cal Sales	\$ 23,239	\$ 23,336	\$ 23,433	\$ 23,531	\$ 23,629	\$ 23,726	\$ 23,823	\$ 23,920	\$ 24,017	\$ 24,115	\$ 24,212	\$ 24,310	\$ 285,353	\$ 0.29
CDI Dividend	-	-	-	-	-	-	-	-	-	-	-	-	\$ 302,109	\$ 0.30
Crop Inventory Sales	\$ 515,625	\$ 800,000	-	-	-	\$ 500,000	-	-	-	\$ 600,000	-	-	\$ 2,415,625	\$ 2.42
TOTAL REVENUE	\$ 2,090,251	\$ 2,334,635	\$ 1,513,125	\$ 1,430,306	\$ 1,392,314	\$ 1,994,848	\$ 1,473,739	\$ 1,525,437	\$ 1,531,793	\$ 1,980,202	\$ 1,611,028	\$ 1,696,173	\$ 20,573,851	\$ 20.59
OPERATING EXPENSES														
Feed Expenses														
Milk Cows	746,492	698,488	693,756	688,654	683,813	735,664	815,537	789,551	800,719	730,120	836,088	789,270	9,008,253	9.02
Non-Milk Cows	48,859	48,430	50,253	50,957	48,076	49,886	48,478	50,302	50,512	45,814	50,934	51,146	583,647	0.59
Less: Value of Feed Produced	(194,749)	(189,253)	(196,376)	(187,194)	(191,628)	(198,841)	(193,228)	(200,501)	(201,337)	(189,132)	(203,019)	(197,268)	(2,352,544)	(2.35)
Total Feed Expenses	\$ 600,602	\$ 557,665	\$ 547,633	\$ 542,417	\$ 540,261	\$ 586,710	\$ 670,886	\$ 639,352	\$ 649,895	\$ 586,802	\$ 684,004	\$ 643,129	\$ 7,249,356	\$ 7.26
Variable Expense														
Livestock Purchases	195,045	197,912	199,233	200,063	200,896	201,733	202,574	203,418	204,266	204,767	205,419	206,275	2,421,601	2.42
Labor - Dairy	81,017	77,477	76,651	72,109	72,241	77,989	76,781	79,571	80,003	72,562	80,671	81,008	928,200	0.93
Utilities - Dairy	68,400	70,300	70,300	70,300	66,500	62,700	57,000	57,000	57,000	57,000	57,000	66,500	759,996	0.76
Repairs & Maintenance - Dairy	10,474	10,016	9,911	9,322	9,339	10,084	9,526	10,300	10,343	9,381	10,429	10,473	120,000	0.12
Vet and Medicine	19,377	18,530	18,335	17,246	17,278	18,655	18,364	19,055	19,135	17,355	19,294	19,375	222,000	0.22
Supplies and Teat Dip	16,758	16,026	15,858	14,916	14,943	16,134	15,882	16,480	16,549	15,010	16,687	16,757	192,000	0.19
Testing & Trimming	6,075	5,810	5,748	5,407	5,417	5,848	5,757	5,974	5,999	5,441	6,049	6,074	69,600	0.07
Fuel & Oil/Auto & Truck	19,971	19,098	18,897	17,775	17,807	19,227	18,926	19,639	19,721	17,886	19,885	19,968	228,800	0.23
Payroll Tax	20,424	19,532	19,326	18,179	18,212	19,664	18,357	20,085	20,169	18,283	20,337	20,422	234,000	0.23
Hauling Livestock	1,623	1,553	1,536	1,445	1,448	1,563	1,539	1,597	1,603	1,454	1,617	1,623	18,600	0.02
Misc	524	501	496	466	467	504	496	515	517	469	521	524	6,000	0.01
Insurance - Life	12,231	-	-	12,231	-	-	12,231	-	-	12,231	-	-	48,924	0.05
Deadstock Removal	393	376	372	350	350	378	372	386	388	352	391	393	4,500	0.00
Breeding and Semen	10,986	10,517	10,407	9,789	9,806	10,588	10,423	10,815	10,860	9,850	10,951	10,986	126,000	0.13
Manure Spreading	4,364	4,174	4,130	3,864	3,891	4,202	4,136	4,232	4,310	3,909	4,246	4,364	50,000	0.05
Phone, Internet, Cow Record Proc.	1,571	1,502	1,487	1,398	1,401	1,513	1,489	1,545	1,551	1,407	1,564	1,571	18,000	0.02
Nutritionist	3,247	3,105	3,072	2,890	2,895	3,126	3,077	3,193	3,206	2,908	3,233	3,247	37,200	0.04
Total Variable Expenses	472,492	456,428	455,768	457,769	442,892	453,917	458,332	453,955	455,619	450,275	458,396	469,568	5,485,421	5.49
Farming Expenses														
Cost of Feed Produced	525,655	277,978	233,094	162,216	155,516	524,971	461,202	178,600	213,640	178,370	149,940	273,994	3,335,176	3.34
Fixed Expenses														
Insurance - General, employee, comp [1]	44,358	44,358	44,358	44,358	44,358	44,358	44,358	44,358	44,358	44,358	44,358	44,358	532,296	0.53
Partner Draws	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000	0.07
Accounting	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	84,000	0.08
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	54,000	0.05
Equipment Lease	5,993	5,993	5,993	5,993	5,993	5,993	5,993	5,993	5,993	5,993	5,993	5,993	71,916	0.07
Total Fixed Expenses	60,351	60,351	60,351	60,351	60,351	60,351	60,351	60,351	60,351	60,351	60,351	60,351	808,212	0.81
Capx Reserve Payment	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000	0.12
TOTAL EXPENSES	\$ 1,669,099	\$ 1,362,422	\$ 1,306,846	\$ 1,262,753	\$ 1,209,020	\$ 1,635,949	\$ 1,660,771	\$ 1,369,268	\$ 1,389,505	\$ 1,285,798	\$ 1,362,691	\$ 1,484,042	\$ 16,998,164	\$ 13.68
Operating Cash Flow	\$ 421,151	\$ 972,213	\$ 206,278	\$ 167,553	\$ 183,294	\$ 358,899	\$ (187,032)	\$ 156,169	\$ 142,288	\$ 694,405	\$ 248,338	\$ 212,131	\$ 3,575,686	\$ 6.92

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GR Cash Flow

J&D Wilson and Sons Dairy
Monthly Cash Flow Projection

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Year 3 Total	\$/CWT
RESTRUCTURING EXPENSES														
Interest Expense														
Class 5 - Farm Credit West (Interest)	21,132	21,070	21,008	20,947	20,884	20,822	20,760	20,697	20,634	20,571	20,507	20,444	249,477	0.25
Other Loans	10,816	10,799	10,782	10,765	10,748	10,730	10,713	10,696	10,679	10,661	10,644	10,626	128,657	0.13
Class 6 - Wells Fargo	23,337	23,042	22,745	22,447	22,148	21,847	21,545	21,242	20,937	20,611	20,284	19,955	260,139	0.26
Total Interest Expense	55,285	54,911	54,535	54,158	53,780	53,399	53,018	52,634	52,250	51,843	51,435	51,025	638,273	0.64
Principal Payments														
Class 5 - Farm Credit West (Principal)	21,134	21,196	21,258	21,320	21,382	21,444	21,507	21,570	21,633	21,696	21,759	21,822	257,720	0.26
Class 5 - Farm Credit West (Cure)	12,145	12,145	12,145	12,145	12,145	12,145	12,145	12,145	12,145	12,145	12,145	12,145	97,162	0.10
Other Loans	4,051	4,068	4,085	4,102	4,119	4,136	4,154	4,171	4,188	4,206	4,223	4,241	48,744	0.05
Class 8 - Wells Fargo (Cash Sweep)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 8 - Wells Fargo (Herd & Feed)	67,523	67,818	68,115	68,413	68,712	69,013	69,315	69,618	74,507	74,833	75,161	75,490	848,520	0.85
Total Principal Payments	104,854	105,228	105,503	105,980	106,359	106,739	107,121	107,504	107,878	108,251	108,624	108,997	1,253,146	1.25
Total Secured Payments	160,138	160,138	160,138	160,138	160,138	160,138	160,138	160,138	160,138	160,138	160,138	160,138	1,891,419	2.25
Class 1 - Administrative Claims [2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 2 - Other Priority Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 4 - Fresno County Tax Collector	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 17 - General Unsecured (>\$5,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Class 18 - Western Milling	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000	0.12
Class 19 - C.A. Vandenberg	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000	0.30
Class 20 - General Unsecured Claims (Excl. 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United States Trustee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RESTRUCTURING EXPENSES	195,138	195,138	195,138	195,138	195,138	195,138	195,138	195,138	187,578	187,578	187,578	187,578	2,311,419	2.31
Income Taxes														
California State Income Tax	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	26,417	317,004	0.36
Federal Income Tax	76,993	76,993	76,993	76,993	76,993	76,993	76,993	76,993	76,993	76,993	76,993	76,993	923,916	1.04
Total Income Taxes	103,410	103,410	103,410	103,410	103,410	103,410	103,410	103,410	103,410	103,410	103,410	103,410	1,240,921	1.40
Total Cash Outflows	1,967,648	1,650,971	1,605,395	1,567,302	1,507,569	1,834,497	1,959,319	1,667,817	1,680,493	1,576,785	1,653,678	1,775,030	20,550,503	15.99
Net Cash Flow	122,603	673,664	(92,270)	(130,995)	(115,255)	60,351	(485,581)	(142,380)	(148,700)	403,417	(42,650)	(78,857)	23,347	4.60
Cash - Ending Balance	\$ 610,844	\$ 1,284,354	\$ 1,147,247	\$ 900,536	\$ 662,866	\$ 970,257	\$ 667,947	\$ 426,236	\$ 213,244	\$ 517,100	\$ 346,459	\$ 263,665	\$ 263,665	
Restricted Cash (Farming) - Ending Balance	\$ (197,466)	\$ (197,512)	\$ (152,675)	\$ (36,960)	\$ 85,456	\$ (161,564)	\$ (344,855)	\$ (245,523)	\$ (181,232)	\$ (81,571)	\$ 46,320	\$ 50,258	\$ 50,258	

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J&D Wilson and Sons Dairy
Monthly Cash Flow Projection

	Year 4 Total	\$/CWT	Year 5 Total	\$/CWT	Year 6 Total	\$/CWT	Year 7 Total	\$/CWT
Cash - Beginning Balance	\$ 263,665		\$ 161,225		\$ 133,108		\$ 125,766	
Restricted Cash (Farming) - Beginning Balance	\$ 50,258		\$ 50,258		\$ 50,258		\$ 50,258	
REVENUE								
Net Milk Revenue	\$ 16,698,984	\$ 16.71	\$ 16,865,974	\$ 16.88	\$ 17,034,634	\$ 17.05	\$ 17,204,980	\$ 17.22
Cull Cattle Sales	\$ 1,093,201	1.09	\$ 1,093,201	1.09	\$ 1,093,201	1.09	\$ 1,093,201	1.09
Calf Sales	256,497	0.26	256,497	0.26	256,497	0.26	256,497	0.26
CDI Dividend	302,109	0.30	302,109	0.30	302,109	0.30	302,109	0.30
Crop Inventory Sales	1,200,000	1.20	1,009,375	1.01	903,125	0.90	903,125	0.90
TOTAL REVENUE	19,550,791	19.57	19,527,156	19.55	19,589,566	19.61	19,789,912	19.78
OPERATING EXPENSES								
Feed Expenses								
Milk Cows	9,273,382	9.28	9,273,382	9.28	9,273,382	9.28	9,273,382	9.28
Non-Milk Cows	603,853	0.60	603,853	0.60	603,853	0.60	603,853	0.60
Less: Value of Feed Produced	(2,406,908)	(2.41)	(2,406,908)	(2.41)	(2,406,908)	(2.41)	(2,406,908)	(2.41)
Total Feed Expenses	7,470,327	7.48	7,470,327	7.48	7,470,327	7.48	7,470,327	7.48
Variable Expense								
Livestock Purchases	2,087,821	2.09	2,070,701	2.07	2,125,668	2.13	2,125,668	2.13
Labor - Dairy	928,200	0.93	928,200	0.93	928,200	0.93	928,200	0.93
Utilities - Dairy	759,996	0.76	759,996	0.76	759,996	0.76	759,996	0.76
Repairs & Maintenance - Dairy	120,000	0.12	120,000	0.12	120,000	0.12	120,000	0.12
Vet and Medicine	222,000	0.22	222,000	0.22	222,000	0.22	222,000	0.22
Supplies and Teat Dip	192,000	0.19	192,000	0.19	192,000	0.19	192,000	0.19
Testing & Trimming	69,600	0.07	69,600	0.07	69,600	0.07	69,600	0.07
Fuel & Oil/Auto & Truck	228,800	0.23	228,800	0.23	228,800	0.23	228,800	0.23
Payroll Tax	234,000	0.23	234,000	0.23	234,000	0.23	234,000	0.23
Hauling Livestock	18,600	0.02	18,600	0.02	18,600	0.02	18,600	0.02
Misc	6,000	0.01	6,000	0.01	6,000	0.01	6,000	0.01
Insurance - Life	48,924	0.05	48,924	0.05	48,924	0.05	48,924	0.05
Deadstock Removal	4,500	0.00	4,500	0.00	4,500	0.00	4,500	0.00
Breeding and Semen	126,000	0.13	126,000	0.13	126,000	0.13	126,000	0.13
Manure Spreading	50,000	0.05	50,000	0.05	50,000	0.05	50,000	0.05
Phone, Internet, Cow Record Proc.	18,000	0.02	18,000	0.02	18,000	0.02	18,000	0.02
Nutritionist	37,200	0.04	37,200	0.04	37,200	0.04	37,200	0.04
Total Variable Expenses	5,151,641	5.16	5,134,521	5.14	5,189,488	5.19	5,189,488	5.19
Farming Expenses								
Cost of Feed Produced	3,180,076	3.18	3,099,226	3.10	3,099,226	3.10	3,150,926	3.15
Fixed Expenses								
Insurance - General, employee, comp [1]	532,296	0.53	532,296	0.53	532,296	0.53	532,296	0.53
Partner Draws	66,000	0.07	66,000	0.07	66,000	0.07	66,000	0.07
Accounting	84,000	0.08	84,000	0.08	84,000	0.08	84,000	0.08
Property Taxes	54,000	0.05	54,000	0.05	54,000	0.05	54,000	0.05
Equipment Lease	71,916	0.07	71,916	0.07	71,916	0.07	71,916	0.07
Total Fixed Expenses	808,212	0.81	808,212	0.81	808,212	0.81	808,212	0.81
Capx Reserve Payment	120,000	0.12	120,000	0.12	120,000	0.12	120,000	0.12
TOTAL EXPENSES	16,730,256	13.56	16,632,286	13.55	16,687,253	13.60	16,738,953	13.60
Operating Cash Flow	2,820,535	6.01	2,894,871	6.00	2,902,313	6.01	3,020,959	6.18

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J&D Wilson and Sons Dairy
Monthly Cash Flow Projection

RESTRUCTURING EXPENSES

	Year 4 Total	\$/CWT	Year 5 Total	\$/CWT	Year 6 Total	\$/CWT	Year 7 Total	\$/CWT
Interest Expense								
Class 5 - Farm Credit West (Interest)	240,310	0.24	230,818	0.23	220,988	0.22	210,808	0.21
Other Loans	126,112	0.13	123,437	0.12	120,747	0.12	120,027	0.12
Class 8 - Wells Fargo	219,990	0.22	191,498	0.19	161,937	0.16	130,785	0.13
Total Interest Expense	586,413	0.59	545,753	0.55	503,672	0.50	461,622	0.46
Principal Payments								
Class 5 - Farm Credit West (Principal)	266,887	0.27	276,379	0.28	286,209	0.29	296,388	0.30
Class 5 - Farm Credit West (Cure)	-	-	-	-	-	-	-	-
Other Loans	52,289	0.05	54,965	0.06	38,197	0.04	(0)	(0.00)
Class 8 - Wells Fargo (Cash Sweep)	-	-	-	-	-	-	-	-
Class 8 - Wells Fargo (Herd & Feed)	588,520	0.59	549,647	0.55	579,209	0.58	610,359	0.61
Total Principal Payments	907,696	0.91	880,991	0.88	903,614	0.90	906,748	0.91
Total Secured Payments	1,494,109	1.55	1,426,744	1.49	1,407,286	1.52	1,368,370	1.52
Class 1 - Administrative Claims [2]	-	-	-	-	-	-	-	-
Class 2 - Other Priority Claims	-	-	-	-	-	-	-	-
Class 4 - Fresno County Tax Collector	-	-	-	-	-	-	-	-
Class 17 - General Unsecured (>\$5,000)	-	-	-	-	-	-	-	-
Class 18 - Western Milling	120,000	0.12	120,000	0.12	120,000	0.12	120,000	0.12
Class 19 - C.A. Vanderham	-	-	-	-	116,000	-	348,000	-
Class 20 - General Unsecured Claims (Excl. 1)	380,000	0.38	386,000	0.40	284,000	0.26	-	-
United States Trustee	-	-	-	-	-	-	-	-
TOTAL RESTRUCTURING EXPENSES	1,994,109	2.00	1,942,744	1.94	1,907,286	1.79	1,836,370	1.49
Income Taxes								
California State Income Tax	234,825	0.26	248,262	0.28	254,049	0.29	272,826	0.31
Federal Income Tax	694,041	0.78	731,961	0.82	748,320	0.84	801,338	0.90
Total Income Taxes	928,866	1.05	980,243	1.10	1,002,369	1.13	1,074,164	1.21
Total Cash Outflows	19,653,231	15.56	19,555,273	15.49	19,596,908	15.39	19,649,487	15.09
Net Cash Flow	(102,440)	4.01	(28,117)	4.06	(7,342)	4.21	110,425	4.69
Cash - Ending Balance	\$ 161,225		\$ 133,108		\$ 125,766		\$ 236,191	
Restricted Cash (Farming) - Ending Balance	\$ 50,258		\$ 50,258		\$ 50,258		\$ 50,258	

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J&D Wilson and Sons Dairy**Herd**

	Jan-15	Feb-15	Mar-15	Apr-15
Herd - BOM	3,604	3,619	3,634	3,649
Cull	(90)	(90)	(91)	(91)
Mortality	(15)	(15)	(15)	(15)
Purchase	120	121	121	122
Herd - EOM	3,619	3,634	3,649	3,664
Milkers	3,167	3,181	3,194	3,207
Dry	212	213	214	214
Close-ups	240	241	242	243
Calving Program				
0 months	120	120	121	121
1 months	119	120	120	121
2 months	119	119	120	120
3 months	118	119	119	120
4 months	118	118	119	119
5 months	119	118	118	119
6 months	123	119	118	118
7 months	85	123	119	118
8 months	107	85	123	119
9 months	82	107	85	123
10 months	110	82	107	85
11 months	153	110	82	107
12 months	120	153	110	82
13 months	147	120	153	110
14 months	115	147	120	153
15 months	123	115	147	120
16 months	164	123	115	147
17 months	125	164	123	115
18 months	89	125	164	123
19 months	30	89	125	164
20 months	47	30	89	125
21 months	94	47	30	89
Milk Price	\$ 18.76	\$ 18.21	\$ 18.10	\$ 18.07
% Change in Price	-1.26%	-2.93%	-0.60%	-0.17%
Current Market Heifer Price	\$ 2,157	\$ 2,094	\$ 2,082	\$ 2,078
Heifers Purchased from Program	87	94	47	30
Heifers Purchased at Market	33	27	74	92

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J&D Wilson and Sons I
Herd

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Herd - BOM	3,664	3,680	3,695	3,710	3,726	3,741	3,757	3,773	3,788	3,804	3,820	3,836
Cull	(92)	(92)	(92)	(93)	(93)	(94)	(94)	(94)	(95)	(95)	(95)	(96)
Mortality	(15)	(15)	(15)	(15)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)
Purchase	122	123	123	124	124	125	125	126	126	127	127	128
Herd - EOM	3,680	3,695	3,710	3,726	3,741	3,757	3,773	3,788	3,804	3,820	3,836	3,852
Milkers	3,220	3,234	3,247	3,261	3,274	3,288	3,302	3,316	3,329	3,343	3,357	3,371
Dry	215	216	217	218	219	220	221	222	223	224	224	225
Close-ups	244	245	246	247	248	249	250	251	252	253	254	255

Calving Program

0 months	122	123	123	124	124	125	125	126	126	127	127	128
1 months	121	122	122	123	124	124	125	125	126	126	127	127
2 months	121	121	122	123	123	124	124	125	125	126	126	127
3 months	120	121	121	122	123	123	124	124	125	125	126	126
4 months	120	120	121	121	122	123	123	124	124	124	125	125
5 months	119	120	120	121	121	122	123	123	124	124	125	125
6 months	119	119	120	120	121	121	122	122	123	124	124	125
7 months	118	119	119	120	120	121	121	122	122	123	124	124
8 months	118	118	119	119	120	120	121	121	122	123	123	124
9 months	119	118	118	119	119	120	120	121	121	122	122	123
10 months	123	119	118	118	119	119	120	120	121	121	122	123
11 months	85	123	119	118	118	119	119	120	120	121	121	122
12 months	107	85	123	119	119	118	119	119	120	120	121	121
13 months	82	107	85	123	123	119	118	119	119	120	120	121
14 months	110	82	107	85	123	119	118	118	119	119	120	120
15 months	153	110	107	85	123	123	119	118	118	119	119	120
16 months	120	153	110	82	107	85	123	123	119	118	118	119
17 months	147	120	153	110	82	107	85	123	123	119	118	119
18 months	115	147	120	153	110	82	107	85	123	123	119	118
19 months	123	115	147	120	153	110	82	107	85	123	123	119
20 months	164	123	115	147	120	153	110	82	107	85	123	119
21 months	125	164	123	115	147	120	153	110	82	107	85	123

Milk Price	\$ 18.05	\$ 18.08	\$ 18.10	\$ 18.08	\$ 18.10	\$ 18.08	\$ 18.00	\$ 17.89	\$ 17.50	\$ 17.50	\$ 17.25	\$ 17.00
% Change in Price	-0.17%	0.17%	0.11%	-0.17%	0.17%	-0.17%	-0.44%	-0.67%	-2.18%	0.00%	-1.43%	-1.45%
Current Market Heifer Price	\$ 2,076	\$ 2,079	\$ 2,082	\$ 2,079	\$ 2,082	\$ 2,079	\$ 2,070	\$ 2,057	\$ 2,013	\$ 2,013	\$ 1,984	\$ 1,955

Heifers Purchased from Program
Heifers Purchased at Market

	89	123	123	123	115	125	120	126	110	82	107	85
	33	-	-	1	9	-	5	-	16	45	20	43

Herd

J&D Wilson and Sons I
Herd

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
Herd - BOM	3,852	3,868	3,884	3,900	3,916	3,933	3,949	3,966	3,982	3,999	4,015	4,032
Cull	(96)	(97)	(97)	(96)	(98)	(98)	(99)	(99)	(100)	(100)	(100)	(101)
Mortality	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(17)	(17)	(17)	(17)	(17)
Purchase	128	129	129	130	131	131	132	132	133	133	134	134
Herd - EOM	3,868	3,884	3,900	3,916	3,933	3,949	3,966	3,982	3,999	4,015	4,032	4,049
Milkers	87.5%	3,385	3,399	3,413	3,428	3,442	3,456	3,471	3,485	3,500	3,514	3,529
Dry	5.9%	226	227	228	229	230	231	232	233	234	235	236
Close-ups	6.6%	256	257	258	260	261	262	263	264	265	266	267

Calving Program	0 months	128	129	129	130	131	131	132	132	133	133	134
1 months	128	128	128	129	130	131	131	132	132	132	133	134
2 months	127	127	128	128	129	130	130	131	131	132	132	133
3 months	127	127	127	128	128	129	129	130	131	131	132	133
4 months	126	127	127	128	128	129	129	130	130	131	132	132
5 months	126	126	127	127	128	128	129	129	129	130	131	131
6 months	125	126	126	127	127	128	128	129	129	129	130	131
7 months	125	125	126	126	127	127	128	128	128	129	129	130
8 months	124	125	125	126	126	127	127	127	127	128	128	129
9 months	124	124	125	125	126	126	126	127	127	128	128	129
10 months	123	124	124	125	125	126	126	126	127	127	128	128
11 months	123	123	124	124	125	125	126	126	126	127	127	128
12 months	122	123	123	123	124	124	125	125	126	126	127	127
13 months	121	122	122	123	123	124	125	125	126	126	127	127
14 months	121	121	122	122	123	124	124	124	125	125	126	127
15 months	120	121	121	122	122	123	123	124	124	124	125	126
16 months	120	120	121	121	122	122	123	123	123	124	124	125
17 months	119	120	120	121	121	121	122	122	123	123	124	125
18 months	119	119	120	120	121	121	121	122	122	123	123	124
19 months	118	119	119	120	120	121	121	121	122	122	123	124
20 months	118	118	119	119	120	120	121	121	121	122	123	124
21 months	119	118	118	119	119	120	120	121	121	122	123	123
Milk Price	\$ 17.00	\$ 17.00	\$ 16.75	\$ 16.75	\$ 16.75	\$ 16.75	\$ 16.75	\$ 16.75	\$ 16.75	\$ 16.50	\$ 16.50	\$ 16.50
% Change in Price	0.00%	0.00%	-1.47%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.49%	0.00%	0.00%
Current Market Heifer Price	\$ 1,955	\$ 1,955	\$ 1,926	\$ 1,926	\$ 1,926	\$ 1,926	\$ 1,926	\$ 1,926	\$ 1,926	\$ 1,898	\$ 1,898	\$ 1,898
Heifers Purchased from Program	123	119	118	118	119	119	120	120	121	121	122	123
Heifers Purchased at Market	5	10	12	12	12	12	12	12	12	12	12	12

J&D Wilson and Sons I**Herd**

		Yr-4 May-17 - Apr-18	Yr-5 May-18 - Apr-19	Yr-6 May-19 - Apr-20	Yr-7 May-20 - Apr-21
Herd - BOM		4,049	4,049	4,049	4,049
Cull	30.0%	(1,215)	(1,215)	(1,215)	(1,215)
Mortality	5.0%	(202)	(202)	(202)	(202)
Purchase	40.0%	1,417	1,417	1,417	1,417
Herd - EOM	35%	4,049	4,049	4,049	4,049
Milkers	87.5%	3,544	3,544	3,544	3,544
Dry	5.9%	237	237	237	237
Close-ups	6.6%	268	268	268	268
Calving Program					
0 months		118	118	118	118
1 months		118	118	118	118
2 months		118	118	118	118
3 months		118	118	118	118
4 months		118	118	118	118
5 months		118	118	118	118
6 months		118	118	118	118
7 months		118	118	118	118
8 months		118	118	118	118
9 months		118	118	118	118
10 months		118	118	118	118
11 months		118	118	118	118
12 months		134	118	118	118
13 months		134	118	118	118
14 months		133	118	118	118
15 months		133	118	118	118
16 months		132	118	118	118
17 months		132	118	118	118
18 months		131	118	118	118
19 months		131	118	118	118
20 months		130	118	118	118
21 months		129	118	118	118
Milk Price		\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50
% Change in Price		0.00%	0.00%	0.00%	0.00%
Current Market Heifer Price		\$ 1,898	\$ 1,898	\$ 1,898	\$ 1,898
Heifers Purchased from Program		1,512	1,555	1,417	1,417
Heifers Purchased at Market		(95)	(138)	-	-

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J&D Wilson and Sons Dairy**LTV**

	Value/Head 1/31/2015	Jan-15	Herd Value 1/31/2015	Value/Head 1/31/2016	Jan-16	Herd Value 1/31/2016	Value/Head 4/30/2017	Jul-17	Herd Value 4/30/2017
Milkers	30.0%	1,038	3,167	1,000	3,329	3,329,385	1,000	3,544	3,543,652
Dry	5.0%	1,077	212	1,000	223	222,614	1,000	237	236,940
Close-ups	40.0%	1,237	240	1,200	252	302,493	1,200	268	321,960
Standard Cattle Calving Program									
0 months	335	120		306	126		306	134	
1 months	335	119		306	126		306	134	
2 months	335	119		306	125		306	133	
3 months	335	118		306	125		306	133	
J&D Wilson Heifer Program									
4 months	447	118		408	124		408	-	
5 months	447	119		408	124		408	-	
6 months	447	123		408	123		408	-	
7 months	599	85		547	123		547	-	
8 months	599	107		547	122		547	-	
9 months	599	82		547	121		547	-	
10 months	687	110		628	121		628	-	
11 months	687	153		628	120		628	-	
12 months	687	120		628	120		628	-	
13 months	798	147		729	119		729	-	
14 months	798	115		729	119		729	-	
15 months	798	123		729	118		729	-	
16 months	878	164		802	118		802	-	
17 months	878	125		802	119		802	-	
18 months	878	89		802	123		802	-	
19 months	878	30		802	85		802	-	
20 months	878	47		802	107		802	-	
21 months	878	94		802	82		802	-	
Herd Value		3,811,117				3,854,492			4,102,552
Feed Value (Inventory)		2,542,064				2,840,474			1,215,038
Feed Value (Field)		482,680				482,680			482,680
Wells Fargo Balance		6,312,424				5,534,976			4,333,675
LTV [1]		92.34%				77.11%			74.72%

[1] Loan-to-Value calculation for the purpose of refinancing.

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J&D Wilson and Sons Dairy

Revenue Sources

Milk Price Adjustment		Price quotes as of 8/24/2014														AVG Yr-1	
Class III Futures Price [1]																	
		Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15			
		\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$18.76	\$18.21	\$18.10	\$18.07	\$19.35		
Current Month																	
Estimated																	
Total																	
		Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	TOTAL Yr-1		
Milk Income																	
Days		30	31	30	31	30	31	30	31	30	31	28	31	31	368		
Milk Cows		3,051	3,051	3,076	3,089	3,089	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,164	
Proj production/day		83.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	77.5	
Seasonality Adjustment		100.0%	100.0%	98.0%	97.0%	97.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.3%	99.3%	
LBS Produced		7,596,990	7,596,990	7,416,773	7,398,717	7,398,717	7,656,623	7,656,623	7,656,623	7,656,623	7,656,623	7,656,623	7,656,623	7,656,623	88,855,521	88,855,521	
Overbase Pounds BF		288,686	294,714	287,588	287,486	287,486	291,028	291,028	291,028	291,028	291,028	291,028	291,028	291,028	3,398,909	3,398,909	
Overbase Pounds SNF		680,680	694,906	678,105	677,886	677,886	686,213	686,213	686,213	686,213	686,213	686,213	686,213	686,213	8,014,482	8,014,482	
Gross Milk Price/cwt		\$20.30	\$20.30	\$20.71	\$20.71	\$20.71	\$18.46	\$18.46	\$18.46	\$18.46	\$18.46	\$18.34	\$18.34	\$18.31	\$18.76	\$18.76	
Gross Milk Price/cwt w/ Premiums		\$20.30	\$20.30	\$20.71	\$20.71	\$20.71	\$18.46	\$18.46	\$18.46	\$18.46	\$18.46	\$18.34	\$18.34	\$18.31	\$18.76	\$18.76	
Contracted Price		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total Gross Milk Revenue		\$1,542,154	\$1,574,360	\$1,536,287	\$1,535,800	\$1,535,800	\$1,456,860	\$1,456,860	\$1,456,860	\$1,456,860	\$1,456,860	\$1,428,910	\$1,416,534	\$1,420,040	\$17,547,799	\$17,547,799	
Gross Milk Price CWT		20.30	20.30	20.71	20.71	20.71	18.46	18.46	18.46	18.46	18.46	18.34	18.34	18.31	18.76	18.76	
Less: Deductions		(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	
Net Milk Price CWT		19.78	19.78	20.19	20.19	20.19	17.93	17.93	17.93	17.93	17.93	17.82	17.82	17.79	18.22	18.22	
Total Net Milk Revenue		\$1,502,346	\$1,533,720	\$1,497,433	\$1,497,433	\$1,497,433	\$1,416,728	\$1,416,728	\$1,416,728	\$1,416,728	\$1,416,728	\$1,376,068	\$1,376,068	\$1,376,068	\$17,082,136	\$17,082,136	
Total Cull Cattle Sales																	
Diff: -24		Total cull sales projected for budget period:															
Month		Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	TOTAL		
Head Per Month		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Number of Head		87	87	88	88	88	90	90	90	90	90	90	90	91	1070	1070	
Dollars per Head		\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	
Total Cull Cattle Sales		\$78,435	\$78,435	\$79,062	\$79,062	\$79,062	\$81,088	\$81,088	\$81,088	\$81,088	\$81,088	\$81,088	\$81,088	\$82,106	\$963,082	\$963,082	
Total Bull Calf Sales																	
Diff: -32		Total bull calf sales projected for budget period:															
Month		Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	TOTAL		
Head Per Month		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Number of Head		116	116	117	117	117	120	120	120	120	120	121	121	122	1427	1427	
Dollars per Head		\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	
Total Bull Calf Sales		\$20,916	\$20,916	\$21,003	\$21,003	\$21,003	\$21,600	\$21,600	\$21,600	\$21,600	\$21,600	\$21,780	\$21,780	\$21,895	\$256,825	\$256,825	
Total Heifer Calf Sales																	
Diff: -32		Total heifer calf sales projected for budget period:															
Month		Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	TOTAL		
Head Per Month		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Number of Head		116	116	117	117	117	120	120	120	120	120	121	121	122	1427	1427	
Dollars per Head		\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	
Total Heifer Calf Sales		\$116	\$116	\$117	\$117	\$117	\$120	\$120	\$120	\$120	\$120	\$121	\$121	\$122	\$1,427	\$1,427	
Total Calf Sales																	
Diff: -32		Total calf sales projected for budget period:															
Month		Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	TOTAL		
Head Per Month		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Number of Head		116	116	117	117	117	120	120	120	120	120	121	121	122	1427	1427	
Dollars per Head		\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	
Total Calf Sales		\$116	\$116	\$117	\$117	\$117	\$120	\$120	\$120	\$120	\$120	\$121	\$121	\$122	\$1,427	\$1,427	
Dividend Payment Timing																	
Dividends		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Heifer Sales		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Other Revenue Per Month		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL REVENUE PER MONTH																	
		\$1,653,187	\$1,597,315	\$1,597,315	\$1,597,315	\$1,597,315	\$1,510,561	\$1,510,561	\$1,510,561	\$1,510,561	\$1,510,561	\$1,348,872	\$1,348,872	\$1,348,872	\$18,605,588	\$18,605,588	
															\$20.94	\$20.94	

[1] Average of Class III Milk Futures High / Low quotes as of April 23, 2014.
<http://www.cme.com/group/contractual/dairy/class-iii-milk.html>

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J&D Wilson and Sons Dairy
Revenue Sources

Revenues

Price quotes as of 4/22/2014		May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Avg Yr-2
Class III Futures Price [1]		\$18.05	\$18.08	\$18.10	\$18.10	\$18.08	\$18.10	\$18.08	\$18.00	\$17.89	\$17.50	\$17.25	\$17.00	\$17.80
Milk Price Adjustment														
Days	31	30	31	31	31	31	30	31	30	31	29	31	30	306
Milk Cows	3,220	3,234	3,247	3,261	3,274	3,289	3,298	3,316	3,329	3,343	3,357	3,371	3,371	3,295
Proj production	82.8	82.8	79.9	74.7	74.7	77.8	77.8	78.8	78.8	78.8	78.8	78.8	78.8	78.2
Seasonality Adjustment	100.0%	98.0%	97.0%	97.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	98.3%
LBS Produced	8,268,268	7,874,192	7,791,321	7,328,900	7,342,013	7,927,211	7,803,504	8,097,219	8,130,958	7,636,073	8,198,857	7,967,437	7,967,437	94,367,662
Overbase Pounds BF	314,194	305,326	305,227	287,100	278,997	301,234	288,533	307,694	308,976	280,247	311,557	302,753	302,753	3,899,847
Overbase Pounds SNF	740,537	719,926	719,993	676,952	687,844	710,276	689,194	725,511	723,534	684,571	734,618	713,892	713,892	9,511,640
Gross Milk Price/cwt	\$18.29	\$18.70	\$18.91	\$18.89	\$18.34	\$18.32	\$18.24	\$18.13	\$17.72	\$17.72	\$17.72	\$17.72	\$17.72	\$18.16
Gross Milk Price/cwt w/ Premiums	\$18.29	\$18.70	\$18.91	\$18.89	\$18.34	\$18.32	\$18.24	\$18.13	\$17.72	\$17.72	\$17.72	\$17.72	\$17.72	\$18.16
Contracted Price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Gross Milk Revenue	\$1,512,371	\$1,472,165	\$1,473,344	\$1,384,288	\$1,346,728	\$1,452,436	\$1,423,341	\$1,467,741	\$1,441,196	\$1,353,355	\$1,432,123	\$1,371,187	\$1,371,187	\$17,130,759
Gross Milk Price CWT	18.29	18.70	18.91	18.89	18.34	18.32	18.24	18.13	17.72	17.72	17.72	17.72	17.72	18.16
Less: Deductions	(0.92)	(0.92)	(0.92)	(0.92)	(0.92)	(0.92)	(0.92)	(0.92)	(0.92)	(0.92)	(0.92)	(0.92)	(0.92)	(0.92)
Net Milk Price CWT	17.77	18.17	18.39	18.36	17.82	17.80	17.72	17.20	17.20	17.20	16.84	16.84	16.84	17.53
Total Net Milk Revenue	\$1,469,045	\$1,430,905	\$1,432,517	\$1,345,396	\$1,308,236	\$1,410,868	\$1,392,451	\$1,425,512	\$1,388,582	\$1,313,812	\$1,388,162	\$1,329,437	\$1,329,437	\$16,636,271
Cull Cattle Sales														
Month	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	TOTAL
Head Per Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Head	92	92	92	92	92	92	94	94	94	95	95	95	95	1125
Dollars per Head	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
Total Cull Cattle Sales	\$82,448	\$82,791	\$83,136	\$83,463	\$83,831	\$84,180	\$84,551	\$84,885	\$85,237	\$85,592	\$85,948	\$86,308	\$86,308	\$1,012,358
Bull Calf Sales														
Month	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	TOTAL
Head Per Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Head	122	123	123	124	124	124	125	125	126	126	127	127	128	1500
Dollars per Head	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180
Total Bull Calf Sales	\$21,986	\$22,078	\$22,170	\$22,262	\$22,355	\$22,448	\$22,542	\$22,635	\$22,730	\$22,824	\$22,920	\$23,015	\$23,015	\$266,964
Heifer Calf Sales														
Month	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	TOTAL
Head Per Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Head	122	123	123	124	124	124	125	125	126	126	127	127	128	1500
Dollars per Head	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
Total Heifer Calf Sales	\$122	\$123	\$123	\$124	\$124	\$124	\$125	\$125	\$126	\$126	\$127	\$127	\$128	\$1,500
Dividend Payment Timing														
Month	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	TOTAL
Head Per Month	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Number of Head	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dollars per Head	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Dividend Payment Timing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenue														
Month	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	TOTAL
Head Per Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Head	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dollars per Head	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE PER MONTH	\$1,573,801	\$1,535,896	\$1,537,846	\$1,451,755	\$1,474,565	\$1,517,650	\$1,489,648	\$1,532,856	\$1,506,885	\$1,422,355	\$1,587,012	\$1,652,140	\$1,652,140	\$19,31

[1] Average of Class III Milk Futures High / Low
<http://www.cme.com/futures/price/price.html>

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J&D Wilson and Sons Dairy
Revenue Sources

Revenues

Price quotes as of 4/22/2014		May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	AVG Yr-3
Milk Price Adjustment		\$17.00	\$17.00	\$16.75	\$16.75	\$16.75	\$16.75	\$16.75	\$16.75	\$16.75	\$16.75	\$16.50	\$16.50	\$16.73
Class III Futures Price [1]		\$17.00	\$17.00	\$16.75	\$16.75	\$16.75	\$16.75	\$16.75	\$16.75	\$16.75	\$16.75	\$16.50	\$16.50	\$16.73
Milk Income														
Days	31	30	31	31	31	31	30	31	30	31	31	28	31	30
Milk Cows	3,395	3,399	3,413	3,428	3,442	3,456	3,471	3,485	3,499	3,514	3,528	3,542	3,556	3,570
Proj production/day	83.6	83.6	83.6	83.6	83.6	83.6	83.6	83.6	83.6	83.6	83.6	83.6	83.6	83.6
Seasonality Adjustment	100.0%	98.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
LBS Produced	8,778,201	8,359,821	8,271,939	7,780,960	7,780,960	7,780,960	7,780,960	7,780,960	7,780,960	7,780,960	7,780,960	7,780,960	7,780,960	7,780,960
Overbase Pounds BF	333,572	324,156	324,051	304,807	298,203	298,203	298,203	298,203	298,203	298,203	298,203	298,203	298,203	298,203
Gross Pounds SNF	786,527	764,326	764,079	718,702	699,416	699,416	699,416	699,416	699,416	699,416	699,416	699,416	699,416	699,416
Gross Milk Priceout	\$17.21	\$17.56	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46
Gross Milk Priceout w/ Premiums	\$17.21	\$17.56	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46	\$17.46
Contracted Price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Gross Milk Revenue	\$1,510,716	\$1,489,077	\$1,445,946	\$1,354,792	\$1,321,740	\$1,321,740	\$1,321,740	\$1,321,740	\$1,321,740	\$1,321,740	\$1,321,740	\$1,321,740	\$1,321,740	\$1,321,740
Gross Milk Price CWT	17.21	17.56	17.46	17.46	17.46	17.46	17.46	17.46	17.46	17.46	17.46	17.46	17.46	17.46
Less: Deductions	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)
Net Milk Price CWT	16.69	17.04	16.94	16.94	16.94	16.94	16.94	16.94	16.94	16.94	16.94	16.94	16.94	16.94
Total Net Milk Revenue	\$1,464,721	\$1,424,272	\$1,402,301	\$1,319,821	\$1,280,565	\$1,280,565	\$1,280,565	\$1,280,565	\$1,280,565	\$1,280,565	\$1,280,565	\$1,280,565	\$1,280,565	\$1,280,565
Cull Cattle Sales														
Month	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	TOTAL
Head Per Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Head	96	97	97	97	98	98	98	99	99	100	100	100	101	1182
Dollars per Head	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Cull Cattle Sales	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Heifer Calf Sales														
Month	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	TOTAL
Head Per Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Head	128	129	129	130	131	131	132	132	132	133	133	134	134	1577
Dollars per Head	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180	\$180
Total Heifer Calf Sales	\$23,111	\$23,207	\$23,304	\$23,401	\$23,498	\$23,596	\$23,695	\$23,794	\$23,893	\$23,992	\$24,092	\$24,193	\$24,294	\$283,776
Dividend Payment Timing														
Month	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	TOTAL
Head Per Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Head	128	129	129	130	131	131	132	132	132	133	133	134	134	1577
Dollars per Head	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
Total Dividend Payment Timing	\$128	\$129	\$129	\$130	\$131	\$131	\$132	\$132	\$132	\$133	\$133	\$134	\$134	\$1,577
Other Revenue														
Month	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	TOTAL
Head Per Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Head	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dollars per Head	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE PER MONTH														
Month	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	TOTAL
Head Per Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Head	128	129	129	130	131	131	132	132	132	133	133	134	134	1577
Dollars per Head	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
Total Revenue	\$128	\$129	\$129	\$130	\$131	\$131	\$132	\$132	\$132	\$133	\$133	\$134	\$134	\$1,577
Average of Class III Milk Futures High / Low														
Month	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	TOTAL
Head Per Month	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Head	128	129	129	130	131	131	132	132	132	133	133	134	134	1577
Dollars per Head	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
Total Average	\$128	\$129	\$129	\$130	\$131	\$131	\$132	\$132	\$132	\$133	\$133	\$134	\$134	\$1,577

[1] Average of Class III Milk Futures High / Low
http://www.cme.com/contracts/milk/

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J&D Wilson and Sons Dairy
Revenue Sources

Milk Price Adjustment		Yr-4	Yr-5	Yr-6	Yr-7
Class III Futures Price [1]		\$16.50	\$16.50	\$16.50	\$16.50
Milk Income					
Month					
Days	365	365	365	365	365
Milk Cows	3,544	3,544	3,544	3,544	3,544
Prod prod/cow/day	79.8	80.6	81.4	82.2	83.0
Seasonality Adjustment	99.3%	99.3%	99.3%	99.3%	99.3%
LBS Produced	102,554,784	103,580,332	104,616,135	105,652,206	106,688,277
Overbase Pounds BF	3,923,237	3,962,469	4,002,084	4,042,115	4,082,146
Overbase Pounds SNF	9,343,085	9,343,085	9,343,085	9,343,085	9,343,085
Gross Milk Price/cwt	\$16.81	\$16.81	\$16.81	\$16.81	\$16.81
Gross Milk Price/cwt w/ Premiums	\$16.81	\$16.81	\$16.81	\$16.81	\$16.81
Contracted Price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Gross Milk Revenue	\$17,236,371	\$17,408,735	\$17,582,822	\$17,758,951	\$17,935,079
Gross Milk Price CWT	18.81	18.81	18.81	18.81	18.81
Less: Deductions	(0.52)	(0.52)	(0.52)	(0.52)	(0.52)
Net Milk Price CWT	18.28	18.28	18.28	18.28	18.28
Total Net Milk Revenue	\$16,688,984	\$16,865,974	\$17,043,934	\$17,221,899	\$17,400,000
Cull Cattle Sales					
Month					
Head Per Month	0	0	0	0	0
Number of Head	1215	1215	1215	1215	1215
Dollars per Head	\$900	\$900	\$900	\$900	\$900
Total Cull Cattle Sales	\$1,093,201	\$1,093,201	\$1,093,201	\$1,093,201	\$1,093,201
Bull Calf Sales					
Month					
Head Per Month	0	0	0	0	0
Number of Head	1417	1417	1417	1417	1417
Dollars per Head	\$180	\$180	\$180	\$180	\$180
Total Bull Calf Sales	\$255,060	\$255,060	\$255,060	\$255,060	\$255,060
Heifer Calf Sales					
Month					
Head Per Month	0	0	0	0	0
Number of Head	1417	1417	1417	1417	1417
Dollars per Head	\$1	\$1	\$1	\$1	\$1
Total Heifer Calf Sales	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417
Dividend Payment Timing					
Dividends	100.0%	100.0%	100.0%	100.0%	100.0%
Heifer Sales	\$302,109	\$302,109	\$302,109	\$302,109	\$302,109
Other	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Total Other Revenue Per Month	\$302,109	\$302,109	\$302,109	\$302,109	\$302,109
TOTAL REVENUE PER MONTH	\$18,350,791	\$18,517,781	\$18,685,441	\$18,853,100	\$19,020,759

[1] Average of Class III Milk Futures High / Low
<http://www.cme.com/futures/milk/>

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J&D Wilson and Sons Dairy**Feed Costs**

Milk Cows	3051 hd
Dry Cows	204 hd
Close-Ups	231 hd
Large Heifers/Bulls	0 hd
Medium Heifers	0 hd
Small Heifers	0 hd
Calf Grain	0 hd

Milk Cows	lbs/cow	Per Ton	\$/Hd/day	Total \$ Per Day
Alfalfa Hay DC (oats)	1.75	\$ 222.00	\$ 0.19	\$ 592.66
Alfalfa Hay MC	4.50	\$ 300.00	\$ 0.68	\$ 2,059.43
Sorghum Silage (wheat)	37.00	\$ 60.00	\$ 1.11	\$ 3,386.61
Almond Hulls	8.50	\$ 155.00	\$ 0.66	\$ 2,009.85
Sudan Silage	3.00	\$ 60.00	\$ 0.09	\$ 274.59
Canola Pellets	7.10	\$ 305.00	\$ 1.08	\$ 3,303.47
Corn - Rolled	18.00	\$ 198.00	\$ 1.78	\$ 5,436.88
Cracked Pima	3.50	\$ 430.00	\$ 0.75	\$ 2,295.88
DDG	1.20	\$ 180.00	\$ 0.11	\$ 329.51
Wet DDG	15.00	\$ 110.00	\$ 0.83	\$ 2,517.08
Mineral - Milk Cow	0.98	\$ 393.00	\$ 0.19	\$ 587.53
Water	5.00	\$ 0.01	\$ 0.00	\$ 0.08
Milk Cow Totals	105.53		\$ 7.47	\$ 22,793.55

Dry Cows	lbs/cow	Per Ton	\$/Hd/day	Per Day
Alfalfa Hay DC	1.95	\$ 222.00	\$ 0.22	\$ 44.16
Sorghum Silage	27.00	\$ 60.00	\$ 0.81	\$ 165.24
Sudan Silage	15.00	\$ 60.00	\$ 0.45	\$ 91.80
Canola Pellets	1.40	\$ 413.00	\$ 0.29	\$ 58.98
Corn - Rolled	3.50	\$ 241.00	\$ 0.42	\$ 86.04
DDG	4.10	\$ 346.00	\$ 0.71	\$ 144.70
Bermuda Grass	10.50	\$ 175.00	\$ 0.92	\$ 187.43
Min - DC/HFR Supl (R400mg)	0.50	\$ 300.00	\$ 0.08	\$ 15.30
Dry Cow Totals	63.95		\$ 3.89	\$ 793.63

Close-Ups	lbs/cow	Per Ton	\$/Hd/day	Per Day
Alfalfa Hay MC	8.00	\$ 300.00	\$ 1.20	\$ 277.20
Sorghum Silage	25.00	\$ 60.00	\$ 0.75	\$ 173.25
Almond Hulls	3.00	\$ 155.00	\$ 0.23	\$ 53.71
Corn - Rolled	6.00	\$ 241.00	\$ 0.72	\$ 167.01
DDG	4.65	\$ 346.00	\$ 0.80	\$ 185.83
Bermuda Grass	4.50	\$ 175.00	\$ 0.39	\$ 90.96
Mineral - CU Supplement	1.10	\$ 409.00	\$ 0.22	\$ 51.96
Close-Up Totals	52.25		\$ 4.33	\$ 999.92

J&D Wilson and Sons Dairy

Feed Usage

Milk Cows

	Jan-15	Feb-15	Mar-15	Apr-15	Yr-1 Total
\$/hd/day	7.15	7.15	7.15	7.15	\$723
# of Head	3,167	3,181	3,194	3,207	3134
Seasonal Adjustment to Herd	100.0%	100.0%	100.0%	100.0%	99.3%
Adjusted Milking Herd	3167.33803	3180.53527	3193.7875	3207.09495	3113
Days	31	28	31	31	366
Milk Cow Feed Costs	\$702,040	\$636,743	\$707,903	\$710,853	\$ 8,235,259
Seasonal Intake Adjustment	103.22%	103.77%	106.89%	100.49%	100.00%
Adjusted Milk Cow Costs	\$724,671	\$660,777	\$756,681	\$714,310	\$ 8,236,626
Non Milking Herd Costs	\$53,677	\$48,684	\$54,125	\$54,351	\$646,440
Season Adjustment to Herd	100.0%	100.0%	100.0%	100.0%	100.58%
Adjusted Non-Milking Herd	\$53,677	\$48,684	\$54,125	\$54,351	\$650,347
TOTAL HERD FEED COSTS	\$755,717	\$685,427	\$762,028	\$765,203	\$ 8,885,606

Feed Usage

J&D Wilson and Sons Dair
Feed Usage**Milk Cows**

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Total
\$/hd/day	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	\$7.15
# of Head	3,220	3,234	3,247	3,261	3,274	3,288	3,302	3,316	3,329	3,343	3,357	3,371	3295
Seasonal Adjustment to Herd	100.0%	98.0%	97.0%	97.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.3%
Adjusted Milking Herd	\$ 3,220	\$ 3,169	\$ 3,150	\$ 3,163	\$ 3,274	\$ 3,288	\$ 3,302	\$ 3,316	\$ 3,329	\$ 3,343	\$ 3,357	\$ 3,371	3274
Days	31	30	31	31	30	31	30	31	31	29	31	30	366
Milk Cow Feed Costs	\$713,814	\$679,793	\$698,182	\$701,091	\$702,374	\$728,810	\$708,239	\$734,896	\$737,958	\$693,224	\$744,121	\$723,117	\$ 8,565,620
Seasonal Intake Adjustment	99.49%	97.75%	94.53%	93.45%	92.62%	96.03%	109.56%	102.21%	103.22%	103.77%	106.89%	100.49%	100.00%
Adjusted Milk Cow Costs	\$710,159	\$664,492	\$659,990	\$655,136	\$650,531	\$699,858	\$775,938	\$751,122	\$761,747	\$719,390	\$795,394	\$726,634	\$ 8,570,381
Non Milking Herd Costs	\$46,481	\$45,169	\$46,869	\$47,065	\$45,736	\$47,458	\$46,118	\$47,854	\$48,053	\$45,141	\$48,455	\$47,087	\$561,487
Season Adjustment to Herd	100.0%	102.0%	102.0%	103.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.58%
Adjusted Non-Milking Herd	\$46,481	\$46,073	\$47,807	\$48,477	\$45,736	\$47,458	\$46,118	\$47,854	\$48,053	\$45,141	\$48,455	\$47,087	\$564,740
TOTAL HERD FEED COSTS	\$760,296	\$725,866	\$745,989	\$749,568	\$748,110	\$776,268	\$754,357	\$782,750	\$786,012	\$738,365	\$792,575	\$770,204	\$ 9,130,360

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Feed Usage

J&D Wilson and Sons Dair
Feed Usage

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	Total
Milk Cows													
\$/hd/day	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	\$7.15
# of Head	3,385	3,399	3,413	3,428	3,442	3,456	3,471	3,485	3,500	3,514	3,529	3,544	3464
Seasonal Adjustment to Herd	100.0%	98.0%	97.0%	97.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	98.3%
Adjusted Milking Herd	\$ 3,385	\$ 3,331	\$ 3,311	\$ 3,325	\$ 3,442	\$ 3,456	\$ 3,471	\$ 3,485	\$ 3,500	\$ 3,514	\$ 3,529	\$ 3,544	3441
Days	31	30	31	31	30	31	30	31	31	28	31	31	366
Milk Cow Feed Costs	\$750,335	\$714,573	\$733,902	\$736,960	\$738,308	\$766,097	\$744,474	\$772,495	\$775,714	\$703,564	\$782,191	\$785,450	\$ 9,004,063
Seasonal Intake Adjustment	99.49%	97.75%	94.53%	93.45%	92.62%	96.03%	109.56%	102.21%	103.22%	103.77%	106.89%	100.49%	100.00%
Adjusted Milk Cow Costs	\$746,492	\$698,488	\$693,756	\$688,654	\$683,813	\$735,664	\$815,637	\$789,551	\$800,719	\$730,120	\$836,088	\$789,270	\$ 9,008,253
Non Milking Herd Costs	\$48,859	\$47,480	\$49,267	\$49,473	\$48,076	\$49,886	\$48,478	\$50,302	\$50,512	\$45,814	\$50,934	\$51,146	\$590,228
Season Adjustment to Herd	100.0%	102.0%	102.0%	103.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.58%
Adjusted Non-Milking Herd	\$48,859	\$48,430	\$50,253	\$50,957	\$48,076	\$49,886	\$48,478	\$50,302	\$50,512	\$45,814	\$50,934	\$51,146	\$593,647
TOTAL HERD FEED COSTS	\$795,194	\$763,003	\$784,155	\$787,917	\$786,385	\$815,983	\$792,951	\$822,797	\$826,226	\$749,378	\$833,125	\$836,596	\$ 9,597,710

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J&D Wilson and Sons Dair

Feed Usage

	Yr-4	Yr-5	Yr-6	Yr-7
Milk Cows				
\$/hd/day	7.15	7.15	7.15	7.15
# of Head	3,544	3,544	3,544	3,544
Seasonal Adjustment to Herd	100.0%	100.0%	100.0%	100.0%
Adjusted Milking Herd	\$ 3,544	\$ 3,544	\$ 3,544	\$ 3,544
Days	366	366	366	366
Milk Cow Feed Costs	\$9,273,382	\$9,273,382	\$9,273,382	\$9,273,382
Seasonal Intake Adjustment	100.00%	100.00%	100.00%	100.00%
Adjusted Milk Cow Costs	\$9,273,382	\$9,273,382	\$9,273,382	\$9,273,382
Non Milking Herd Costs	\$603,853	\$603,853	\$603,853	\$603,853
Season Adjustment to Herd	100.0%	100.0%	100.0%	100.0%
Adjusted Non-Milking Herd	\$603,853	\$603,853	\$603,853	\$603,853
TOTAL HERD FEED COSTS	\$9,877,235	\$9,877,235	\$9,877,235	\$9,877,235

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J&D Wilson and Sons Dairy
Monthly Farmed Inventory Balances

	Jan-15	Feb-15	Mar-15	Apr-15
(Pounds)				
Alfalfa / Oats Balance - BOM	9,800,861	9,114,915	8,492,769	7,801,095
Alfalfa Harvested	-	-	-	576,000
Oats Harvested	(685,946)	(622,146)	(691,674)	(672,151)
Sold	-	-	-	-
Alfalfa / Oats Balance - EOM (lbs)	9,114,915	8,492,769	7,801,095	7,704,944
Alfalfa / Oats Balance - EOM (\$)	\$ 1,025,428	\$ 955,437	\$ 877,623	\$ 866,806
Ending Bal. (Tons)				3,952
Value of Inventory Sold	\$ -	\$ -	\$ -	\$ -
Feed Usage (lb/hd/day) - Milk	6.25	613,672	556,594	618,796
Feed Usage (lb/hd/day) - Dry	1.95	12,802	11,611	12,909
Feed Usage (lb/hd/day) - Close-up	8.00	59,472	53,941	59,969
Total	685,946	622,146	691,674	672,151
Cost per Pound	\$ 0.15			
Value of Alfalfa/Oats Used	\$ (102,892)	\$ (93,322)	\$ (103,751)	\$ (100,823)
Wheat / Sorghum Balance - BOM	61,772,662	57,776,615	54,152,243	50,122,827
Wheat Harvested	-	-	-	15,680,000
Sorghum Harvested	(3,996,047)	(3,624,372)	(4,029,417)	(3,915,683)
Used	-	-	-	-
Sold	-	-	-	-
Wheat / Sorghum Balance - EOM (lbs)	57,776,615	54,152,243	50,122,827	61,887,144
Wheat / Sorghum Balance - EOM (\$)	\$ 1,516,636	\$ 1,421,496	\$ 1,315,724	\$ 1,624,538
Ending Bal. (Tons)				30,944
Value of Inventory Sold	\$ -	\$ -	\$ -	\$ -
Feed Usage (lb/hd/day) - Milk	37.00	3,632,937	3,295,035	3,663,274
Feed Usage (lb/hd/day) - Dry	27.00	177,259	160,772	178,739
Feed Usage (lb/hd/day) - Close-up	25.00	185,851	168,565	187,403
Total	3,996,047	3,624,372	4,029,417	3,915,683
Cost Per Pound	\$ 0.03			
Value of Wheat/Sorghum Used	\$ (119,881)	\$ (108,731)	\$ (120,883)	\$ (117,470)
Farming Adjustment	\$ (222,773)	\$ (202,053)	\$ (224,634)	\$ (218,293)
Annual Usage Value				
Total Inventory Sold	\$ -	\$ -	\$ -	\$ -

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Inventory Bal.

J&D Wilson and Sons Dairy
Monthly Farmed Inventory Balances

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
(Pounds)												
Alfalfa / Oats Balance - BOM	7,704,944	9,694,493	10,744,729	11,481,455	12,215,250	12,680,978	12,544,876	11,852,874	11,134,825	10,413,784	9,759,808	9,032,747
Alfalfa Harvested	1,728,000	1,728,000	1,440,000	1,440,000	1,152,000	576,000	-	-	-	-	-	576,000
Oats Harvested	959,000	-	-	-	-	-	-	-	-	-	-	-
Used	(697,450)	(677,764)	(703,275)	(706,205)	(686,272)	(712,102)	(692,002)	(718,049)	(721,041)	(653,976)	(727,062)	(706,540)
Sold												
Alfalfa / Oats Balance - EOM (lbs)	9,694,493	10,744,729	11,481,455	12,215,250	12,680,978	12,544,876	11,852,874	11,134,825	10,413,784	9,759,808	9,032,747	8,902,207
Alfalfa / Oats Balance - EOM (\$)	\$ 999,745	\$ 1,108,050	\$ 1,184,025	\$ 1,289,698	\$ 1,307,726	\$ 1,293,650	\$ 1,037,126	\$ 974,297	\$ 911,206	\$ 853,983	\$ 790,365	\$ 778,943
Value of Inventory Sold												4,451
Feed Usage (lb/d/day) - Milk	623,964	606,352	629,174	631,796	613,363	637,072	619,090	642,392	645,068	585,070	650,455	632,096
Feed Usage (lb/d/day) - Dry	13,017	12,649	13,125	13,180	12,808	13,290	12,915	13,401	13,457	12,205	13,569	13,186
Feed Usage (lb/d/day) - Close-up	60,470	58,763	60,975	61,229	59,501	61,740	59,998	62,256	62,515	56,701	63,037	61,258
Total	697,450	677,764	703,275	706,205	686,272	712,102	692,002	718,049	721,041	653,976	727,062	706,540
Cost per Pound												
Value of Alfalfa/Oats Used	\$ (83,694)	\$ (81,332)	\$ (84,393)	\$ (84,745)	\$ (82,353)	\$ (85,452)	\$ (83,040)	\$ (86,166)	\$ (86,525)	\$ (78,477)	\$ (87,247)	\$ (84,785)
Wheat / Sorghum Balance - BOM	61,887,144	81,344,078	77,395,697	73,298,702	69,184,637	65,186,694	108,876,273	104,846,945	100,663,882	96,463,390	92,653,589	88,418,019
Wheat Harvested	23,520,000	-	-	-	-	-	-	-	-	-	-	15,680,000
Sorghum Harvested	-	-	-	-	-	47,840,000	-	-	-	-	-	-
Used	(4,063,065)	(3,948,382)	(4,096,995)	(4,114,065)	(3,997,943)	(4,148,421)	(4,031,328)	(4,183,063)	(4,200,492)	(3,809,801)	(4,235,569)	(4,116,017)
Sold												
Wheat / Sorghum Balance - EOM (lbs)	81,344,078	77,395,697	73,298,702	69,184,637	65,186,694	108,876,273	104,846,945	100,663,882	96,463,390	92,653,589	88,418,019	99,982,002
Wheat / Sorghum Balance - EOM (\$)	\$ 1,626,862	\$ 1,547,914	\$ 1,465,974	\$ 1,383,693	\$ 1,303,734	\$ 2,177,565	\$ 2,096,939	\$ 2,013,278	\$ 1,929,268	\$ 1,853,072	\$ 1,768,360	\$ 1,999,940
Value of Inventory Sold												49,991
Feed Usage (lb/d/day) - Milk	3,693,865	3,589,603	3,724,711	3,740,231	3,634,660	3,771,465	3,665,012	3,802,959	3,818,805	3,463,615	3,850,694	3,742,005
Feed Usage (lb/d/day) - Dry	180,232	175,144	181,737	182,494	177,343	184,018	178,824	185,555	186,328	168,997	187,884	182,881
Feed Usage (lb/d/day) - Close-up	188,968	183,635	190,546	191,340	185,940	192,938	187,492	194,549	195,360	177,189	196,991	191,431
Total	4,063,065	3,948,382	4,096,995	4,114,065	3,997,943	4,148,421	4,031,328	4,183,063	4,200,492	3,809,801	4,235,569	4,116,017
Cost Per Pound												
Value of Wheat/Sorghum Used	\$ (101,577)	\$ (98,710)	\$ (102,425)	\$ (102,852)	\$ (99,949)	\$ (103,711)	\$ (100,783)	\$ (104,577)	\$ (105,012)	\$ (85,245)	\$ (105,889)	\$ (102,900)
Farming Adjustment	\$ (185,271)	\$ (180,041)	\$ (186,818)	\$ (187,596)	\$ (182,301)	\$ (188,163)	\$ (183,823)	\$ (190,742)	\$ (191,537)	\$ (173,722)	\$ (183,137)	\$ (187,685)
Annual Usage Value	\$ (2,231,837)											
Total Inventory Sold												

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Inventory Bal.

J&D Wilson and Sons Dairy
Monthly Farmed Inventory Balances

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
(Pounds)												
Alfalfa / Oats Balance - BOM	8,902,207	5,856,074	6,871,634	7,572,378	8,270,043	8,700,660	8,528,126	7,800,719	7,045,934	6,288,003	5,576,017	4,811,758
Alfalfa Harvested	1,728,000	1,728,000	1,440,000	1,440,000	1,152,000	576,000	-	-	-	-	-	576,000
Oats Harvested	959,000	-	-	-	-	-	-	-	-	-	-	-
Used	(733,133)	(712,440)	(739,255)	(742,336)	(721,383)	(748,535)	(727,407)	(754,785)	(757,930)	(711,986)	(764,260)	(742,888)
Sold	(5,000,000)	-	-	-	-	-	-	-	-	-	-	-
Alfalfa / Oats Balance - EOM (lbs)	5,856,074	6,871,634	7,572,378	8,270,043	8,700,660	8,528,126	7,800,719	7,045,934	6,288,003	5,576,017	4,811,758	4,645,070
Alfalfa / Oats Balance - EOM (\$)	\$ 603,908	\$ 708,637	\$ 780,902	\$ 852,848	\$ 897,256	\$ 879,463	\$ 882,563	\$ 616,519	\$ 550,200	\$ 487,902	\$ 421,029	\$ 406,444
											<i>Ending Bal. (Tons)</i>	2,323
Value of Inventory Sold	\$ 515,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Feed Usage (lb/hd/day) - Milk	655,887	637,374	661,364	664,120	645,374	669,666	650,764	675,258	678,071	636,968	683,734	664,435
Feed Usage (lb/hd/day) - Dry	13,683	13,296	13,797	13,854	13,463	13,970	13,576	14,087	14,145	13,288	14,264	13,861
Feed Usage (lb/hd/day) - Close-up	63,564	61,769	64,094	64,361	62,545	64,899	63,067	65,441	65,714	61,730	66,262	64,392
Total	733,133	712,440	739,255	742,336	721,383	748,535	727,407	754,785	757,930	711,986	764,260	742,888
Cost per Pound												
Value of Alfalfa/Oats Used	\$ (87,976)	\$ (85,493)	\$ (88,711)	\$ (89,080)	\$ (86,566)	\$ (89,824)	\$ (87,289)	\$ (90,574)	\$ (90,952)	\$ (85,438)	\$ (91,711)	\$ (89,123)
Wheat / Sorghum Balance - BOM	99,982,002	119,231,063	75,080,675	70,774,070	66,449,521	62,247,036	80,726,375	76,488,796	72,091,720	67,676,322	33,528,579	29,076,309
Wheat Harvested	23,520,000	-	-	-	-	-	-	-	-	-	-	15,680,000
Sorghum Harvested	-	-	-	-	-	-	-	-	-	-	-	-
Used	(4,270,939)	(4,150,389)	(4,306,605)	(4,324,549)	(4,202,485)	(4,360,662)	(4,237,579)	(4,397,076)	(4,415,397)	(4,147,744)	(4,452,269)	(4,326,600)
Sold	(119,231,063)	(40,000,000)	-	-	-	(25,000,000)	-	-	-	(30,000,000)	-	-
Wheat / Sorghum Balance - EOM (lbs)	75,080,675	70,774,070	66,449,521	62,247,036	62,247,036	80,726,375	76,488,796	72,091,720	67,676,322	33,528,579	29,076,309	40,429,709
Wheat / Sorghum Balance - EOM (\$)	\$ 2,384,621	\$ 1,501,613	\$ 1,415,461	\$ 1,328,990	\$ 1,244,941	\$ 1,614,327	\$ 1,523,776	\$ 1,441,884	\$ 1,353,526	\$ 670,572	\$ 581,526	\$ 808,594
											<i>Ending Bal. (Tons)</i>	20,215
Value of Inventory Sold	\$ -	\$ 800,000	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -
Feed Usage (lb/hd/day) - Milk	3,882,850	3,773,254	3,915,275	3,931,588	3,820,616	3,964,420	3,852,521	3,997,526	4,014,162	3,770,849	4,047,703	3,933,453
Feed Usage (lb/hd/day) - Dry	189,453	184,105	191,035	191,831	186,416	193,433	187,973	195,048	195,861	183,988	197,496	191,922
Feed Usage (lb/hd/day) - Close-up	198,636	193,030	200,295	201,130	195,453	202,809	197,085	204,503	205,355	192,907	207,070	201,225
Total	4,270,939	4,150,389	4,306,605	4,324,549	4,202,485	4,360,662	4,237,579	4,397,076	4,415,397	4,147,744	4,452,269	4,326,600
Cost Per Pound												
Value of Wheat/Sorghum Used	\$ (106,773)	\$ (103,760)	\$ (107,665)	\$ (108,114)	\$ (105,062)	\$ (109,017)	\$ (105,939)	\$ (109,927)	\$ (110,385)	\$ (103,694)	\$ (111,307)	\$ (108,165)
Farming Adjustment	\$ (194,749)	\$ (189,253)	\$ (196,376)	\$ (197,194)	\$ (191,628)	\$ (198,841)	\$ (193,228)	\$ (200,501)	\$ (201,337)	\$ (188,132)	\$ (203,018)	\$ (197,288)
Annual Usage Value	\$ (2,352,544)											
Total Inventory Sold	\$ 515,625	\$ 800,000	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -

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J&D Wilson and Sons Dairy
Monthly Farmed Inventory Balances

	Year-4	Year-5	Year-6	Year-7
(Pounds)				
Alfalfa / Oats Balance - BOM	4,645,070	5,183,280	2,721,489	2,259,699
Alfalfa Harvested	8,640,000	8,640,000	8,640,000	8,640,000
Oats Harvested	959,000	959,000	959,000	959,000
Used	(9,060,790)	(9,060,790)	(9,060,790)	(9,060,790)
Sold	-	(3,000,000)	(1,000,000)	(1,000,000)
Alfalfa / Oats Balance - EOM (lbs)	5,183,280	2,721,489	2,259,699	1,797,908
Alfalfa / Oats Balance - EOM (\$)	\$ 453,537	\$ 238,130	\$ 197,724	\$ 157,317
	2,592	1,361	1,130	899
Value of Inventory Sold	\$ -	\$ 309,375	\$ 103,125	\$ 103,125
Feed Usage (lb/hd/day) - Milk	8,106,103	8,106,103	8,106,103	8,106,103
Feed Usage (lb/hd/day) - Dry	169,104	169,104	169,104	169,104
Feed Usage (lb/hd/day) - Close-up	785,583	785,583	785,583	785,583
Total	9,060,790	9,060,790	9,060,790	9,060,790
Cost per Pound	\$ (1,087,295)	\$ (1,087,295)	\$ (1,087,295)	\$ (1,087,295)
Value of Alfalfa/Oats Used	\$ (1,087,295)	\$ (1,087,295)	\$ (1,087,295)	\$ (1,087,295)
Wheat / Sorghum Balance - BOM	40,429,709	14,685,187	13,940,664	8,196,142
Wheat Harvested	39,200,000	39,200,000	39,200,000	39,200,000
Sorghum Harvested	47,840,000	47,840,000	47,840,000	47,840,000
Used	(52,784,523)	(52,784,523)	(52,784,523)	(52,784,523)
Sold	(60,000,000)	(35,000,000)	(40,000,000)	(40,000,000)
Wheat / Sorghum Balance - EOM (lbs)	14,685,187	13,940,664	8,196,142	2,451,619
Wheat / Sorghum Balance - EOM (\$)	\$ 293,704	\$ 278,813	\$ 163,923	\$ 49,032
	7,343	6,970	4,098	1,226
Value of Inventory Sold	\$ 1,200,000	\$ 700,000	\$ 800,000	\$ 800,000
Feed Usage (lb/hd/day) - Milk	47,988,132	47,988,132	47,988,132	47,988,132
Feed Usage (lb/hd/day) - Dry	2,341,444	2,341,444	2,341,444	2,341,444
Feed Usage (lb/hd/day) - Close-up	2,454,946	2,454,946	2,454,946	2,454,946
Total	52,784,523	52,784,523	52,784,523	52,784,523
Cost Per Pound	\$ (1,319,613)	\$ (1,319,613)	\$ (1,319,613)	\$ (1,319,613)
Value of Wheat/Sorghum Used	\$ (2,406,908)	\$ (2,406,908)	\$ (2,406,908)	\$ (2,406,908)
Farming Adjustment	\$ (2,406,908)	\$ (2,406,908)	\$ (2,406,908)	\$ (2,406,908)
Annual Usage Value				
Total Inventory Sold	\$ 1,200,000	\$ 1,009,375	\$ 903,125	\$ 903,125

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J&D Wilson and Sons Dairy
Farming Budget

AC	Crop	2014												Yield	Value
		January	February	March	April	May	June	July	August	September	October	November	December		
576	Alfalfa				0.5	1.5	1.25	1			0.5			7.5	\$ 275
1225	Wheat				6.4	9.6								16	\$ 50
1196	Sorghum													20	\$ 55
137	Oats					3.5								3.5	\$ 175
Harvested Crops Transferred to Dairy															
	Alfalfa	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000
	Wheat	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500
	Sorghum	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
	Oats	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
	Total Income	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500
	Alfalfa	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368	\$ 10,368
	Irrigation	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856	\$ 17,856
	Herbicide														
	Pesticide														
	Fertilizer														
	Tree Removal														
	Replanting														
	Harvesting														
	Sorghum														
	Land Prep														
	Seed														
	Planting														
	Irrigation														
	Herbicide														
	Pesticide														
	Fertilizer														
	Harvesting														
	Wheat														
	Land Prep														
	Seed														
	Planting														
	Irrigation														
	Herbicide														
	Pesticide														
	Fertilizer														
	Harvesting														
	Oats														
	Land Prep														
	Planting														
	Irrigation														
	Herbicide														
	Pesticide														
	Fertilizer														
	Harvesting														
	Total Expense	\$ 213,640	\$ 173,764	\$ 146,160	\$ 267,698	\$ 518,323	\$ 268,954	\$ 223,038	\$ 154,132	\$ 148,372	\$ 521,389	\$ 304,400	\$ 175,028	\$ 3,030,324	\$ 3,030,324

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J&D Wilson and Sons Dairy
Farming Budget

AC	Crop	2015												Yield	Value
		January	February	March	April	May	June	July	August	September	October	November	December		
670	Alfalfa				0.5	1.5	1.5	1.25	1.25	1	0.5			7.5	\$ 275
1225	Wheat				6.4	9.6					20			16	\$ 50
1196	Sorghum													20	\$ 55
137	Oats					3.5								3.5	\$ 175

Harvested Crops Transferred to Dairy

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Alfalfa	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 276,000
Wheat	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 210,000
Sorghum	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 216,000
Oats	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 180,000
Total Income	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 73,500	\$ 882,000
EXPENSES													
Rent	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 276,000
Labor	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 17,500	\$ 210,000
Fuel & Oil	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 216,000
Repairs	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 180,000
Alfalfa													
Irrigation	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 144,000
Herbicide	\$ 20,770	\$ 20,770	\$ 20,770	\$ 20,770	\$ 20,770	\$ 20,770	\$ 20,770	\$ 20,770	\$ 20,770	\$ 20,770	\$ 20,770	\$ 20,770	\$ 249,246
Pesticide													
Fertilizer													
Tree Removal													
Replanting													
Harvesting													
Sorghum													
Land Prep													
Seed													
Planting													
Irrigation													
Herbicide													
Pesticide													
Fertilizer													
Harvesting													
Wheat													
Land Prep													
Seed													
Planting													
Irrigation													
Herbicide													
Pesticide													
Fertilizer													
Harvesting													
Oats													
Land Prep													
Seed													
Planting													
Irrigation													
Herbicide													
Pesticide													
Fertilizer													
Harvesting													
Total Expense	\$ 213,840	\$ 213,840	\$ 213,840	\$ 213,840	\$ 213,840	\$ 213,840	\$ 213,840	\$ 213,840	\$ 213,840	\$ 213,840	\$ 213,840	\$ 213,840	\$ 2,566,080

Exhibit

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GlassRatner Advisory & Capital Group, LLC

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J&D Wilson and Sons Dairy

Assumptions and Variables

- 1 Milkers purchased year round at a rate of 40% of total herd 3,544 milkers reached, then purchases reduced to 35% to replace culls.
- 2 Heifers purchased from calving program at \$1,500 per head; purchases not filled through calving program will be purchased at market price; market price is \$2,300 per head as of May 2014.
- 3 Heifer market price assumed to have direct relationship with Milk Prices and adjusted month-to-month based on change in Class III Milk Price futures reported on CME.
- 4 Dry cows are assumed to average 12% of the total herd annually with a higher percentage in the months of June, July and August of each year based upon historical performance.
- 5 Calving interval at 13 months. Calves assumed 50% bull calves and 50% heifer calves.
- 6 Milk Prices are based on CME Class III Milk futures, calculated at \$(0.65) estimated on differential and using 3.8% BF and 8.96% SNF.
- 7 Excess crops produced will be sold beginning Year 2.
- 8 Production based upon current production and fluctuates throughout the year with annual average production of 77.5 lbs/hd/day in Year 1, increasing at 1% year-over-year growth rate.
- 9 Cull rate is 30% of total herd throughout the year; mortality rate is 5% of total herd; cull sales at \$900 per head.
- 10 Capital Reserve is replenished at a rate of \$20,000 per month in Year 1; \$10,000 per month thereafter.
- 11 Accounting services estimated at \$7,000 per month, includes payroll tax and income tax preparation

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